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New Yorkers Know The Glitter's Gone With the Money

By Alessandra Stanley
New York Times Service

NEW YORK — To the people who live in this city, there is nothing abstract about the fiscal crisis anymore. Experts prescribe and politicians spar, but New Yorkers look past them at the city. What they see is loss.

They see the city budget through the prism of their own lives and jobs, fears and urban pleasures. Regardless of what happens in the coming weeks in the corridors and conference rooms of City Hall, many on the outside speak of a shared sense that New York City will never be quite the same again.

"I don't think that it will ever come back," said Stephen Bohannon, a 36-year-old video producer who lives with his wife and 5-month-old daughter in Brooklyn.

Mr. Bohannon was talking of the services he expected the government would cut. He also was referring to the economic boom, excitement and confidence that drew him here in 1977 from the Midwest. "It's not that glittering place anymore," he said.

To Llewellyn Lennon, 36, a Jamaican-born architectural designer, the crisis is one of unemployment. He has been out of work for 18 months. "If something doesn't break soon," he said, "I will have to drive a cab in a few weeks."

A cleaning woman from the Caribbean, who would give her name only as Marre, says she fears walking down darkened streets of Flatbush, certain that the bad crime in her Brooklyn neighborhood will only get worse.

Jacob Levich, a 31-year-old paralegal who lives in Manhattan and who spent the last four months hunting for the job he now holds, said he saw decline most acutely in the simple luxuries of New York — the parks he expected to be neglected and the libraries to be closed.

Many people also spoke of danger, predicting that suffering caused by cuts in social services, employment and drug treatment would unleash class rage.

Still, many who heard the details of Mayor David N. Dinkins's "doomsday budget" proposals thought they smelled a bluff.

They laughed dismissively at the notion that the city would really be forced to drain public swimming pools, turn off streetlights, or close the recently renovated Central Park Zoo.

"It will probably cost just as much to remove the animals from their cages," said Naddi Haller, a painter and teacher in Brooklyn.

Under the plan unveiled Friday by Mayor Dinkins to cut $1.5 billion in city services, more than 29,000 workers would be laid off by July 1. The plan would abolish many preventive health programs, reduce trash collection, cut spending on education and switch off one-quarter of the city's 295,000 streetlights.

Yet those same New Yorkers who were confident that not all the threatened service cuts would come to pass also had a gloomy prediction: Services that do get cut will probably never be restored.

"Once services are gone, you can't bring them back," said Michele Krauthamer, 36, a teacher at a private school who is married to Mr. Bohannon. "Once people do without, they just keep doing without."

Few expect that the pain to be meted out by City Hall will be even. Most say they expect that those who will suffer most will be those who already have little reason to rejoice about conditions.

This time, however, many predicted that even the well-off would not be entirely spared.

"The lower down you are on the social scale the more these cuts hurt," Mr. Levich said. "But in the long run, even the well-to-do will be bothered. People will be at odds with each other."

The notion that greater unemployment, poverty and crime would further pit the poor against the rich was widely shared.



Jeff Widener/The Associated Press

Survivors of the cyclone that struck Bangladesh waiting for rice to be distributed by relief workers in the town of Pekua.

Assad Rebuffs Baker Demands On Peace Talks

Security Accords Remain Elusive, Cheney Discovers

By Molly Moore
Washington Post Service

WASHINGTON — Nine months ago, a frenetic Dick Cheney raced across the Arabian Peninsula trying to persuade skeptical Arab leaders to accept large numbers of U.S. forces following the Iraqi invasion of Kuwait.

Last week, the U.S. defense secretary returned to a warmer reception in the opulent marble palaces of the Arab capitals.

But he left recognizing that future security arrangements for the region remained tenuous and hopes of positioning American equipment in the Gulf states and conducting joint exercises with Arab forces would require months of tedious negotiation.

The secrecy, regional rivalries and political complexities of negotiating military arrangements with Middle Eastern nations remain as cumbersome as ever for U.S. officials.

While the United States is likely to emerge as a much more powerful force in the region following the U.S.-led expulsion of Iraq from Kuwait, securing new agreements will not occur without trade-offs, setbacks and frustrations, according to Arab and American officials.

Already, the pan-Arab security arrangements for the Gulf negotiated a little more than a month ago are beginning to dissolve.

Old spats are resurfacing, and President Hosni Mubarak announced last week that he would withdraw Egypt's 40,000 troops from Saudi Arabia and Kuwait.

At each stop on his tour, Mr. Cheney said, he urged Arab officials "to work together to coordinate their security policy," adding that the nations "clearly" have "differences of opinions among themselves."

The linchpin in postwar security arrangements is Saudi Arabia.

After aligning itself closely with the United States during the Gulf conflict, Riyadh now seems to be distancing itself from Washington.

Some officials in the region say the posturing reflects Saudi concern that the kingdom has compromised its standing among other Arab states — that Arab neighbors look upon Saudi officials as weak because American troops were required to race to their rescue during the crisis.

As a result, the Saudis are now attempting to project an image of control over any future positioning of U.S. military equipment or joint exercises with U.S. troops on Saudi soil.

Even Mr. Cheney's meeting Thursday with King Fahd took on

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Mideast Mission Goes On Despite Setback in Syria

By David Hoffman
Washington Post Service

CAIRO — President Hafez Assad of Syria refused to give ground Sunday on two major obstacles to a Middle East peace conference in talks with Secretary of State James A. Baker 3d, dimming the prospects for holding a conference that is the centerpiece of regional diplomacy, U.S. officials said.

Mr. Baker was disappointed by Mr. Assad's refusal to compromise, but intended to go ahead with his scheduled meetings this week in Egypt, Jordan and Israel, an administration official said.

The official added that Mr. Baker would continue his mission not because there was much hope of success but because it would be "dishonorable" to break the appointments.

Briefing reporters as Mr. Baker flew to Cairo, the official said that the secretary believed Israel also would refuse to give ground on the two key issues.

The effort appeared to gain some momentum Friday with the announcement that Saudi Arabia and five other Gulf states would attend the opening session of a peace conference as observers.

[While U.S. officials were touting the Gulf states' agreement to take part as a breakthrough, the Israeli government reacted with indifference bordering on disdain, The New York Times reported from Jerusalem.

[The office of Prime Minister Yitzhak Shamir said the decision "contributes nothing to the peace process." Yossi Ben Aharon, the prime minister's chief of staff, said, "I do not see any progress in this communiqué."]

Mr. Assad refused to budge on his demand that the United Nations have a "significant" and "important" role in a regional peace conference, the U.S. official said. Israel has opposed any UN role, fearing that this would increase pressure for concessions.

Mr. Assad also reiterated his demand that the peace conference reconvene periodically, the official said. Mr. Shamir has said Israel wanted only a single session that would lead to direct peace talks with the Arab states, including Syria.

Mr. Baker also met for nearly two hours with Foreign Minister Alexander A. Bessmertnykh of the Soviet Union to discuss Middle East peace efforts and said there had been more points of agreement than disagreement. The two are to meet again on Monday.

Mr. Baker had hoped to use the Gulf states' announcement to

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Vanguard of U.S. Military Relief Force Lands in Bangladesh

Compiled by Our Staff From Dispatches

DHAKA, Bangladesh — U.S. Marines and army Special Forces flew into Bangladesh on Sunday, the vanguard of a major American military response to the devastation of the recent cyclone.

Their arrival followed an announcement by White House and Pentagon officials that the United States was dispatching thousands of troops and dozens of helicopters as part of an amphibious task force to bolster relief operations in Bangladesh.

The officials said Saturday that the effort was in response to an appeal from Bangladesh that foreign countries play a bigger role in getting food, medicine, and clothing to survivors of the cyclone.

The storm, which struck on April 30, killed more than 138,000 people, according to the official count.

The first U.S. forces to arrive were 64 Marines and army airborne rangers, who landed in Dhaka on Sunday. The troops, mostly engineers and communications experts, will handle logistics for the thousands of Marines arriving later.

The troops were en route home from the Gulf war when President George Bush diverted them to Bangladesh.

The full task force will be made up of 4,600 Marines and about 3,000 sailors who are to arrive in Bangladesh by Wednesday, said Lieutenant Colonel Thomas Boyd, a spokesman for the U.S. Pacific Command in Honolulu.

The task force includes preventive-medicine teams that will try to curb the spread of disease in Bangladesh as well as navy construction teams, known as Seabees, which will help with water purification and the rebuilding of homes and bridges.

The amphibious assault ship Tarawa, which had been sailing toward the Philippines after leaving the Gulf, was diverted and is expected to reach Chittagong on Wednesday, members of the advance team said. It is carrying additional Marines and helicopters.

A half-dozen U.S. officers plan to visit Chittagong on Monday to see whether the seaport, which was shattered by the storm, can accommodate their fleet and to start figuring out how best to deploy the troops.

The advance team arrived on two military transport planes from Okinawa under the command of Marine Major General Henry Stackpole, who spent the day conferring with Bangladeshi government leaders and U.S. Embassy personnel.

Another flight from Okinawa was expected to reach Dhaka on Sunday night, carrying about 30 more engineers and communications personnel.

The U.S. Embassy said that C-5 cargo planes were expected to arrive in Dhaka on Monday with five UH-60 Blackhawk helicopters and crews, air-traffic control teams and members of the Seabees.

The Americans are joining a relief effort that has elicited aid from nearly every corner of the world. In additional to shipments from several United Nations agencies, countries as diverse as Turkey and Thailand, Japan and Norway, have sent food, medicine, blankets, clothing and cash.

The total aid received or pledged so far has exceeded $217 million, but the government has said that amount is not nearly enough. Prior to sending in troops, the United States contributed $7.2 million.

(AP, NYT)

Kiosk

Soviets Destroy Last of SS-20s

MOSCOW (Reuters) — The Soviet Union destroyed its last SS-20 medium-range nuclear missile on Sunday, ending a three-year process set in motion by an arms-reduction pact with the United States, the Tass press agency reported.

Under the Intermediate-Range Nuclear Forces Treaty, signed in 1987 by Ronald Reagan and Mikhail S. Gorbachev, both sides agreed to demolish 2,600 missiles with ranges of 500 to 5,500 kilometers (about 300 to 3,400 miles). The United States completed the dismantling of its missiles covered by the treaty earlier this year.

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J.P. Pelissier/Reuters

USUAL CELEBRATION, UNUSUAL VICTORY — Ayrton Senna of Brazil let loose Sunday after winning the Monaco Grand Prix to become the first Formula One driver to win the first four races of a season. He has 40 points to Alain Prost's 11. Page 16.

Baghdad: 20th Century Again

By Paul Lewis
New York Times Service

BAGHDAD — The Gulf war, early reports indicated, meant the end of modern Iraq. Allied bombing knocked out most of the country's industrial capability, according to these reports, not to mention nearly all telephone, electricity and water-supply systems. But a recent three-week visit to Baghdad and the surrounding area shows a different picture.

Infant mortality shot up because of bad water and the lack of baby foods, said Dr. Ezzio Gianni Murzi, the Unicef representative, and the lack of running water and electricity caused officials to warn of problems like cholera and dysentery.

But the worst of the public health problems now seem to be under control. Last week Dr. Murzi said the country had sufficient anti-diarrhea treatment packs. But he said about 300 tons of high-protein baby food was needed.

And if Iraq was indeed bombed into the "preindustrial age," as a *United Nations undersecretary*, Martti Ahtisaari, reported after a visit in March, the area around Baghdad, at least, has quickly re-emerged into the 20th century.

Gasoline rationing was abolished on April 27, and by then electricity, had been restored, at least partly, to all main towns. Water quality was improving steadily, and telephones were coming back.

In the capital, the post office tower on Rashid Street, the Saddam Hussein conference center, the tall Ministry of Military Industries building, the ministries of justice and local government and many telephone exchanges are still standing with life going on busily around them. Only from close up is it apparent that they are gutted shells, their innards either collapsed or trying to burst through the windows.

Along the desert road from Jordan to Baghdad the instrument huts underneath red and white communication towers are smashed with precision, leaving surrounding villages unscathed.

The bomb attacks on major Iraqi industries also posed little threat to civilian life, because many of these industries are located in open country outside Baghdad and other major cities.

In Baghdad, where she was wait-

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One Germany, Great Divide

By Marc Fisher
Washington Post Service

BERLIN — For 40 years, Germans on both sides of the Wall believed the people across the divide were essentially the same. We speak the same language, read the same literature, think the same way, according to common wisdom; we may have different political systems, but we really do know each other.

That was. Germans now almost universally agree, wrong.

It is the barrier that was not supposed to be. Laymen call it "the wall in the head." You hear it in everyday language. TV newscasters in the west still refer to Eastern Germany as "over there."

When Chancellor Helmut Kohl recently visited Leipzig, he met with carefully selected churchgoers. "I am not afraid of the people," he said, but then slipped — calling them the "people in the GDR," or German Democratic Republic, the former East Germany's official name.

Mr. Kohl is not alone. East Germans still refer to their region as the GDR, usually without the smile or correction that Western politicians tack on.

Outwardly, despite unemployment that could hit 50 percent this summer, Eastern Germany is changing with stunning speed. City streets are being made over, lined with bright facades of shops stocked with the bounty of the consumer society. Schools are changing radically. Adults flock to courses on the mechanics of Western life — banking, filing taxes, suing the neighbor.

Hard times still lie ahead. Bonn's plan to reconstruct the East in "a few years" was far too optimistic. It may take a decade or more to achieve a Western standard of living.

What may linger for a generation or two is the deep emotional and psychological divide in what Germans see as the battle between *Ossies* (Easties) and *Wessies* (Westies).

Relations can get downright nasty. Ossies, many Wessies say, are lazy, dependent whiners with bad teeth, unwashed hair, shiny polyester clothes and outstretched palms. Wessies, many Ossies say, are

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Without Its Accent, España Won't Be the Same

By Alan Riding
New York Times Service

MADRID — Spaniards are not about to end their five-year love affair with the European Community because of a row over a squiggle, yet things may never be quite the same now that Spain believes that it has seen the insensitive and interfering side of its new partner.

It has come as a shock. Since joining the community in 1986 and having received billions of dollars to help its development, Spain has been almost obsessive in proclaiming that it favors still greater regional integration, that it is proud to form part of the new Europe.

Then, last week, the European Community was caught in what looked every bit like a plot to strip the Spanish language of its tilde, the venerable little wave of an accent that sits on top of the letter "n" as in, yes, España. And Spain's mood quickly soured.

Why should absurd rules of standardization target the tilde, local intellectuals asked furiously, if the French are allowed to keep their cedillas, circumflexes, and acute and grave accents, the Germans their umlaut, and the Danes the tiny circle above "a" and the line through the letter "o"?

After all, the tilde — which makes "n" sound like "ny" — has belonged to the Spanish language for centuries.

"It is part of our tradition and a sign of our identity," Manuel Alvar, the director of the Spanish Royal Academy, said, pledging to fight for its survival.

But the flap also produced humor. How, for example, could Spaniards communicate with each other when their favorite four-letter expletive includes the "ñ"? "Spaniards!" José Aguilar proclaimed tongue-in-cheek in Diario 16. "The nation is threatened, and we must save it."

In Brussels, however, there was puzzlement because while the news presented by the daily El País as its main article on Thursday was essentially correct, the Eurocrats argued that their intent was merely to promote free trade and that the tilde, well, just happened to stand in the way.

The root of the problem was that back in 1985, anticipating an influx of imported goods after it joined the European Community, Spain decreed that only computer keyboards carrying the "ñ" could be sold here. And while the law was never strictly applied, it nonetheless violated Community rules.

With Spain's period of transition to full membership in the Common Market ending next year, the Com-

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Is the Odd Weather Normal? An Expert Takes a Reading

Following a spell of what appears to have been harsh or bizarre weather — with a cyclone in Bangladesh, unseasonable cold in Europe and storms in the United States — Lennart Bengtsson spoke with Barry James of the International Herald Tribune about his speciality, climate modeling. Mr. Bengtsson is a director of the Max Planck Meteorological Institute in Hamburg and former director of the European Center for Medium-Range Weather Forecasts, in Reading, England.

MONDAY Q&A

Q. Has the weather been abnormal of late?

A. I don't think so. Climate is confusing, chaotic, complex and variable. It is due to the chaotic nature of atmospheric flow that we are getting these extreme events.

Q. Do the events indicate a long-term change in climate patterns?

A. There has been a lot of discussion about the greenhouse effect, and we know for sure that these gases which strengthen the heat-holding capacity of the atmosphere are increasing.

But it is impossible to say whether the natural climate fluctuations, although quite strong, are part of a longer trend. To take the Northern Hemisphere, there was a long warming trend starting in the 1880s which went on almost regularly until the early 1940s. Then we had a drop for almost 40 years, and then the trend started to turn upwards again four or five years ago.

Even if there were no variation in the incoming radiation from the sun, there would be fluctuations because of the changing characteristics of atmospheric flows and because of the strong heat-retaining capacity of the oceans, which is some 1,000 times higher than that of the atmosphere.

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Q. An article in the science journal Nature postulates that the Earth's ocean-atmosphere system will self-regulate like a thermostat to prevent global warming, as warmer air produces clouds to shield the surface from the sun. How do you regard this theory?

A. It is more likely that we will gradually see some warming effect from the greenhouse gases. All the computer models indicate warming over a long period of 50 to 100 years. Naturally these models are very simple and make a lot of assumptions, so you have to take them with a pinch of salt.

There might be a mechanism that would lead to a regulation or slowing down of global warming. The oceans will warm up slower than the land because of thermal inertia. Stratus clouds would in all probability form over the relatively cold ocean and reinforce a cooling effect.

Q. But you would prefer people to take warnings of global warming seriously?

A. Yes, it is a potentially serious problem that requires sustained research over a long period of time.

Q. Is the effect of the burning oil wells in Kuwait likely to be far extended or long-lasting?

A. The consensus among climatologists is that the effect will be local and regional rather than global.

Q. Was the cyclone that hit Bangladesh expectable?

A. Yes. The cyclone season comes here in late autumn or early winter, and the spring. The situation at the end of the Bay of Bengal is always going to be serious because it is here that the greatest wind forcing occurs.

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Q. How far ahead can you forecast the weather with modern techniques and computer power?

A. The European Center for Medium-Range Weather Forecasts is providing useful forecasts of up to one week at medium and higher latitudes. The center can model intense tropical storms on its computers, but the problem is that we lack detailed observations and data on tropical conditions.

Q. But you exchange data freely all over the world?

A. Yes, data has been exchanged since the last century. But we still do not have enough. This is something we see more clearly now that computers are getting so powerful. We could do a lot more with them if we had enough data to initialize our models.

Q. With snow in southern Europe in May, people are asking if something is wrong with the weather. What can you tell them.

A. These are the kind of chaotic patterns that are so typical of the climate. Certain patterns can be quite long-lasting. For example, the very mild winters we have had for the past three years were caused by persistent southwesterly winds. But you can have a reverse of this, with a strong ridge of high pressure over the Atlantic Ocean allowing cold winds to penetrate from the north, which is what we have now.

Q. What is the significance of the jet stream for the world's weather?

A. The westerly wind circulation concentrates in bands that undulate around the globe. These act as a boundary between the colder air to the north and the warmer air to the south. All around the jet stream there are frontal zones that cause these enormous changes in weather and temperature.

Q. Is the jet stream behaving normally?

A. We have not been able to see from our data any evidence of changing trends that we can trust.

Bush Hesitates Over Gorbachev's Request to Observe G-7

By Andrew Rosenthal
New York Times Service

WASHINGTON — President George Bush is reluctant to grant President Mikhail S. Gorbachev's request to observe a seven-nation economic conference in London this summer, but is moving toward agreeing to visit Moscow in late June, U.S. officials said Sunday.

Mr. Bush and Mr. Gorbachev discussed both issues on Saturday during a 45-minute telephone call that Mr. Bush placed to Moscow from Camp David, his Maryland retreat, the officials said.

The conversation was part of increasingly complicated diplomatic maneuvers between the the United States and the Soviet Union. The nations are trying to resolve arms control disputes, schedule the much-delayed 1991 summit meeting, deal with Moscow's requests for economic assistance and lay groundwork for progress in their overall relationship, which seemed so trouble-free a few months ago.

U.S. officials said Mr. Bush has been troubled by the arms control disputes and by what some of his advisers see as a drift toward more authoritarian policies in the Soviet Union.

But they said Mr. Bush was still eager to help Mr. Gorbachev with his political and economic problems and was especially inclined toward two things: finding a way to meet Mr. Gorbachev before the end of June, and granting the Soviet leader's request for $1.5 billion in agricultural loans guaranteed by the U.S. government.

During their most recent telephone conversation, Mr. Bush told Mr. Gorbachev that the United States was sending a delegation of agricultural and economics experts to Moscow to help the Soviet Union find ways to alleviate food shortages and, at the same time, search for ways to give Moscow financial aid.

"They didn't have a bad harvest," a U.S. senior official said Sunday. "There is food, but the questions are where it is, transportation and their pricing structure. We have to find out what the basic problem is and then would food aid from abroad help? Right now, another billion-and-a-half dollars could just turn into grant aid if we're not careful."

Mr. Gorbachev also raised the possibility of his attendance at the annual meeting of the Group of Seven nations in London in July. The G-7 groups the seven most powerful industrial countries — the United States, Japan, Britain, France, Germany, Italy and Canada. Mr. Bush did not reply, officials said Sunday.

"We have mixed feelings about Gorbachev going to London," the senior official said. "We are very reluctant to agree to having him as an observer to the whole meeting and I don't think that's in the cards."

But the official said the United States could support a plan under which Mr. Gorbachev would go to London to meet with the seven nations' leaders outside the framework of their formal conference.

"Maybe a separate Soviet day or something," the official said. "The idea is to get him involved in a way that acquaints him with the international economic system, processes and so on, but doesn't bring him into the G-7. Exactly what that means in operational terms, I don't know at this point."

Another official said: "If Gorbachev goes to the G-7, it creates a problem with other countries, especially in Eastern Europe. Some of them are farther along toward reform than the Soviets are, so why shouldn't they be invited as well."

Mr. Bush and Mr. Gorbachev said last year that they would hold another meeting in 1991 in Moscow, and it was originally scheduled for early January. But Mr. Bush postponed it because of the Gulf crisis, arms control disputes with Moscow and the Kremlin's crackdown on the Baltic states.

The arms control disputes arise from American charges that the Soviet Union is cheating on a treaty reducing nonnuclear forces in central Europe that was signed last November. The nations also are at odds over the details of another treaty that would reduce long-range nuclear weapons.

For some time, American officials have said that both problems must be cleared up before Mr. Bush will agree to hold the Moscow summit meeting, which was to have centered on the signing of the new nuclear weapons treaty.

But the United States and the Soviet Union have been maneuvering toward a compromise, and officials said Sunday that Mr. Bush was increasingly anxious to find a way to hold the meeting. One way to do that, officials said, would be to drop the "arms control" umbrella for the meeting and discuss other issues.

"We're still focused on an arms control summit," a U.S. official said. "But there's also a summit totally unrelated to arms control that's worth having and at some point, those two may come together."

Soviets Ease Up, Armenia Says

Compiled by Our Staff From Dispatches

YEREVAN, U.S.S.R. — Prime Minister Vazgen Manukyan of Armenia said Sunday that large-scale Soviet Army raids on villages in the southern republic had practically stopped but again voiced fears that Moscow could enforce an economic blockade.

"There have been no serious military operations for most of the last two days," Mr. Manukyan said at a press conference in Yerevan, the Armenian capital. "Some villages have been encircled briefly, but that is about all."

The Armenian Interior Ministry has said that Soviet troops raided several villages along the border with Azerbaijan over the past two weeks, killing at least 50 people and taking 104 hostage. The armed forces blame Armenian militants for the bloodshed.

Mr. Manukyan said that the republic was getting only a fraction of agreed food supplies from the central government and feared this could be a continuation of what he called a campaign by Moscow to destabilize Armenia.

"Food supplies to all the republics have been poor this year, but in the last month deliveries to Armenia have dropped even further," he said. "To my mind this is linked to political goals."

The president of Armenia, Levon Ter-Petrossian, said that the President Mikhail S. Gorbachev was trying to destabilize the republic because it is seeking to secede from the Soviet Union. It has moved to do so under the provisions of the Soviet constitution.

"Gorbachev does not want a single republic to leave the union and will do all he can to interfere with the process," he said Sunday.

The Soviet authorities lengthened the curfew in the largely Armenian autonomous region of Nagorno-Karabakh in Azerbaijan. Starting Sunday, residents were to be off the streets starting at 9 P.M. instead of 11 P.M.

According to Tass, "armed bandits" had targeted Interior Ministry troops billeted at the Lavanda Hotel in Stepanakert, the autonomous region's principal city.

(Reuters, AFP)



Dusan Vranic/The Associated Press

Serbian militiamen on Ravna Gora mountain honoring Serbs killed in recent clashes in Croatia.

Serbs in Croatia Vote on Allegiance

Compiled by Our Staff From Dispatches

BELGRADE — Serbs in a region of Croatia turned out in large numbers Sunday for a referendum on joining the region to Serbia.

The Croatian government declared the referendum illegal but did nothing to halt it, though it had stopped a proposed vote by Serbs in August on regional autonomy.

About 600,000 Serbs live in Croatia, making up about 13 percent of its population, with about half grouped in the Krajina region. In March, Serbs unilaterally declared this region to be autonomous, with its capital as Knin and Knin's mayor, Milan Babic, as head of government. The Serbian parliament has refused to endorse the declaration.

The referendum asked Serbs if they wanted Krajina to join Serbia and "remain part of Yugoslavia with Serbia and Montenegro and others who want to preserve Yugoslavia." The results were to be announced on Monday.

Mr. Babic said the Krajina leadership had decided to go ahead with the poll because the Croatian president, Franjo Tudjman, had refused to cancel a May 19 referendum on Croatian independence.

Officials in Krajina, where Serbs are in the majority, said the turnout was high and predicted most people would vote in favor.

At least 18 people have been killed in Croatia in the past two weeks in clashes between Serbs and Croats.

Croatia and Slovenia are threatening to secede unless Yugoslavia becomes a loose union of sovereign states. Serbia and Montenegro want a centrally ruled federation.

Five of the six republics have agreed to hold referendums to gauge public opinion. Slovenia held a plebiscite in December in which its people voted overwhelmingly to become a sovereign state.

(AFP, Reuters)

Yeltsin, in Shift, Calls Gorbachev Reformers' Ally

New York Times Service

MOSCOW — After months of criticizing President Mikhail S. Gorbachev as a virtual dictator, the leader of the Russian Republic, Boris N. Yeltsin, said in a published interview that Mr. Gorbachev was an "ally" of the democratic movement.

Mr. Yeltsin said that by signing an agreement with nine of the 15 Soviet republics that calls for a major power shift from the center to the constituents, Mr. Gorbachev had demonstrated that he "today is clearly in favor of reforms, which is very important and which makes him our ally."

The statement by Mr. Yeltsin, which was reported by the independent Interfax news agency, is a significant turnaround in the often tempestuous relationship between Mr. Gorbachev and Mr. Yeltsin.

Mr. Yeltsin earlier this year rallied anti-Gorbachev forces by calling for the Soviet leader's resignation, accusing him of abandoning the original guiding principles and goals of his democratization and economic restructuring programs.

Mr. Yeltsin acknowledged that his relationship with Mr. Gorbachev had been quite strained, but he said that such a "personal question" should not be allowed to "overshadow the fact that we are the leaders of two state structures: Russia and the union," and that "unless we combine our efforts, the union may just fall to pieces."

U.S. Trims Afghan Rebel Aid

Although Fighting Continues, Policy Is Seen as Outdated

By Elaine Sciolino
New York Times Service

WASHINGTON — In a growing recognition that an 11-year policy aimed at overthrowing the Soviet-backed government of Afghanistan is outdated, the Bush administration has not requested funds for the Afghan rebels in its proposed 1992 budget, senior administration officials say.

In interviews last week, the officials stressed that the administration reserved the right to request funds for the program as the budget process continues over the next two months. And Congress can still recommend a continuation of the program on its own.

Although some administration officials remain committed to sending funds to the rebels, the move reflects increasing frustration that the Afghan policy is outmoded and hard to defend.

"The administration is tiring of the war," said a senior administration official involved in developing the policy.

Another official said: "At this time, there is no request for more money. It's true that the voices calling for an end to the program are getting louder and that every year it gets harder and harder to justify assistance in the absence of results."

The failure to include a request for aid for the rebels in the budget for covert programs, which remains secret, may be part of a larger strategy by the administration to induce Moscow to agree to a timetable for a mutual cutoff of aid to Afghanistan. According to American intelligence estimates, Moscow still provides between $250 million and $300 million in weapons, food, and fuel to the Kabul government.

The administration's action may also be aimed at forcing Congress to make the first move in requesting aid for the guerrillas.

Recently, the House Intelligence Committee, which includes some of the staunchest congressional supporters of the rebels, decided to continue funding for fiscal 1992.

Since President Jimmy Carter approved secret aid for the guerrillas in 1980, after Soviet intervention in the Afghan civil war, the United States has funneled more than $2 billion into the program through the Central Intelligence Agency.

The withdrawal of Soviet troops from Afghanistan in 1989 did not bring an end to Soviet military and nonmilitary aid to the government, and President George Bush repeatedly vowed to continue aiding the rebels as long as the Soviets aided the government.

But some senior officials appear to be open to the possibility of a unilateral cutoff of aid. "The continuation of Soviet aid is a key factor, but to say our decision is contingent on a Soviet cutoff is going a little too far," a senior administration official said.

Fire at Palace in Manila

The Associated Press

MANILA — Fire broke out early Sunday at the former presidential residence, damaging the gift shop, officials said. The police suspect faulty wiring as the cause. President Corazon Aquino transformed Malacañang Palace into a museum commemorating excesses of the Marcos era.

WORLD BRIEFS

Radicals Split From German Greens

FRANKFURT (Reuters) — Fundamentalists in Germany's Greens party set up a splinter group on Sunday to compete with the main ecological party they accuse of betraying the environmentalist cause. The new coalition of ecological radicals and feminists described itself as an "extraparliamentary opposition." But members could choose to seek seats in the Bundestag.

About 200 members of the faction, led by a former member of parliament, Jutta Ditfurth, voted to leave the Greens, fulfilling a threat made two weeks ago at a Greens congress. On Sunday the group agreed to set up the "Ecological Left/Alternative List."

The split marks the end of a long, bitter feud in the Greens between the "Fundis," who wanted to be a leftist ecological protest group, and the "Realos," who wanted to fight for ecological change from a position of political power.

Sri Lanka Ruling Party Wins Polls

COLOMBO (AFP) — Sri Lanka's governing party handily won local government elections that was marked by allegations of electoral malpractice, a diplomatic feud with Britain and the reimposition of stringent emergency laws.

The National Party of President Ranasinghe Premadasa, which secured 190 out of 237 local councils in Saturday's voting, accused the British high commissioner, David Gladstone, of "interference in domestic politics." Mr. Gladstone reportedly protested that some party supporters voted more than once.

Defense officials said that security forces were given broad powers of search and arrest under emergency laws reimposed to prevent postelection violence.

Royalists Seize Panthéon, 125 Held

PARIS (AFP) — Radical royalists locked themselves in the Panthéon, one of the French capital's landmarks, and pelted police officers with eggs during a demonstration here Sunday in memory of Joan of Arc. Police arrested more than 125 people during the incidents. A march by the royalists had been banned.

Scuffles broke out when the police surrounded 300 youths who had festooned a statue of Joan of Arc with flowers. Demonstrators threw eggs at the police, who arrested about 50 of them. A group of about 50 royalists then padlocked themselves inside the Panthéon.

Dole Says Quayle Will Stay on Ticket

WASHINGTON (AP) — President George Bush will keep Vice President Dan Quayle as his running mate in the 1992 presidential election, the Republican and Democratic leaders of the Senate predicted Sunday.

"I think the chance of Quayle being dumped is zero," the Republican leader, Bob Dole of Kansas, said in an interview on NBC-TV.

On the same program, the Democratic leader, George Mitchell of Maine, concurred with Mr. Dole's assessment.

Mr. Bush's brief hospitalization a week ago for an irregular heartbeat, which doctors said later was caused by a thyroid condition, focused new attention on Mr. Quayle's fitness to step into the presidency.

TRAVEL UPDATE

Iraqi Airways Asks Permission to Fly

NICOSIA (Reuters) — Iraq's national airline has begun regrouping its planes in Amman and is seeking United Nations approval to resume flights from the Jordanian capital, the official Iraqi press agency, INA, said Sunday.

The Iraqi Airways director-general, Nur Safi, said two Boeing 707s arrived in Amman on Saturday from the Mauritanian capital, Nouakchott. He said the airline was negotiating to bring two Boeing 747s and two Boeing 727s from Tunis and had obtained approval from the countries through whose airspace they would pass. Amman is the main air link for travelers entering and leaving Iraq, which is still under a UN air blockade imposed after its invasion of Kuwait on Aug. 2.

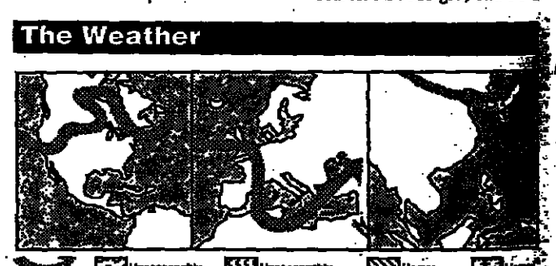
This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia.
TUESDAY: Liberia, Malawi, Paraguay.
WEDNESDAY: Paraguay.
FRIDAY: Norway.
SATURDAY: Haiti, Uruguay.
SUNDAY: Israel.

Source: J.P. Morgan, Reuters.

The Weather



North America
From the Plains to the Atlantic Seaboard, the United States will be warm and, in many areas, humid today. Thunderstorms will occur in the Southeast and southern Plains. The West Coast will be cool with showers in the north and sunshine in the south.

Europe
Rain is on the way today from the English Midlands to western Norway. Fine weather is in store from Portugal and Spain into Germany. Much of Central Europe will dry out and brighten. Showers will wet some areas from Greece to the Ukraine.

Asia
Rain will end early today in eastern Japan, leaving dry, mild weather in a broad belt westward to central and northern China. Southern China will have a few showers. Powerful Typhoon Wait is centered at sea east of northern Luzon in the Philippines.

Europe

	Today High C/F	Low C/F	Wx	Tomorrow High C/F	Low C/F	Wx
Algarve	24/75	13/55	s	22/74	13/55	s
Amsterdam	18/64	9/48	sh	18/64	9/48	pc
Athens	32/21	18/64	pc	32/21	12/54	pc
Barcelona	20/68	10/50	pc	21/70	12/53	s
Belgrade	20/68	9/48	pc	19/66	9/48	pc
Berlin	17/62	7/45	pc	16/60	8/47	sh
Brussels	18/65	8/46	sh	17/63	8/47	pc
Budapest	21/70	6/43	pc	19/66	6/46	c
Copenhagen	13/55	7/44	c	13/55	7/45	sh
Costa Del Sol	25/77	12/54	s	26/78	13/55	s
Dublin	20/68	9/48	pc	18/65	8/46	c
Edinburgh	16/60	6/43	pc	14/57	8/46	c
Florence	21/70	11/52	pc	19/66	11/51	pc
Frankfurt	18/65	7/45	pc	17/63	7/45	c
Geneva	18/65	7/44	s	17/62	9/48	sh
Helsinki	11/50	4/40	sh	8/47	4/40	c
Las Palmas	24/75	18/65	pc	22/72	14/57	pc
Lisbon	23/74	13/55	s	24/75	13/55	s
London	19/67	7/44	sh	14/57	3/38	pc
Madrid	23/73	7/44	s	24/75	8/46	s
Milan	19/66	8/47	pc	17/63	8/47	c
Moscow	14/57	6/43	sh	15/59	7/44	sh
Munich	17/62	6/43	pc	17/62	8/47	sh
Nice	23/73	8/46	pc	18/65	8/48	pc
Oslo	16/60	8/47	sh	14/58	8/46	r
Paris	21/69	8/47	pc	15/59	4/40	c
Prague	18/65	6/43	pc	17/63	9/48	sh
Reykjavik	6/42	0/32	sh	4/40	1/34	c
Rome	21/69	11/52	pc	19/66	9/48	pc
Stockholm	11/51	1/34	pc	12/53	4/40	r
Strasbourg	18/64	8/47	pc	17/63	8/46	c
Venice	21/69	10/50	pc	18/64	10/50	c
Vienna	14/58	4/39	pc	16/60	6/43	sh
Warsaw	18/64	9/48	pc	18/65	9/48	sh
Zurich	17/63	4/40	s	17/62	7/45	sh

Middle East

Ankara	20/68	7/45	pc	20/68	7/45	pc
Beirut	25/77	15/60	pc	22/72	16/61	pc
Cairo	35/95	21/70	s	32/90	20/68	s
Damascus	28/79	17/62	pc	23/73	18/64	pc
Istanbul	18/65	10/50	c	20/68	9/48	pc
Jerusalem	29/85	18/64	s	28/83	18/64	s
Riyadh	38/100	23/71	pc	40/104	23/74	pc

Oceania

Auckland	14/58	11/52	sh	13/54	8/48	q
Sydney	19/66	11/52	pc	22/72	13/55	pc

Asia

	Today High C/F	Low C/F	Wx	Tomorrow High C/F	Low C/F	Wx
Bangkok	37/99	25/77	pc	36/96	25/77	t
Beijing	28/73	10/50	c	23/74	14/58	sh
Hong Kong	29/83	23/72	pc	29/83	21/70	sh
Manila	34/94	24/75	sh	34/94	25/77	sh
New Delhi	39/100	26/79	pc	39/100	28/82	pc
Seoul	22/72	16/60	c	26/78	18/64	pc
Shanghai	28/78	18/65	sh	28/78	19/66	pc
Singapore	32/90	24/75	t	32/87	24/75	t
Taipei	29/73	19/65	pc	24/75	19/65	pc
Tokyo	22/72	16/60	sh	24/75	18/64	pc

Africa

Algiers	29/74	12/53	pc	21/70	13/55	pc
Cape Town	21/70	14/58	sh	21/69	13/55	sh
Casablanca	24/75	13/55	pc	27/80	11/52	pc
Harare	25/77	14/57	pc	25/77	16/60	pc
Lagos	33/92	25/77	pc	34/94	23/74	pc
Nairobi	27/81	14/57	pc	27/81	14/58	pc
Tunis	24/75	18/65	pc	24/75	16/60	pc

Latin America

Buenos Aires	24/75	13/56	pc	24/75	13/56	pc
Caracas	32/90	24/75	pc	32/90	23/73	pc
Lima	22/72	16/61	pc	21/70	13/64	pc
Mexico City	30/86	15/59	pc	31/88	15/59	pc
Rio de Janeiro	28/82	20/68	pc	28/82	19/66	pc

North America

Anchorage	12/53	3/38	c	10/50	3/38	r
Atlanta	29/85	19/66	t	32/89	19/66	s
Boston	24/75	14/57	s	24/75	13/64	pc
Chicago	29/85	17/63	pc	27/80	17/63	pc
Denver	27/80	9/48	s	29/75	9/48	pc
Detroit	27/80	14/58	pc	27/80	15/59	pc
Honolulu	29/84	23/71	pc	29/84	23/71	pc
Houston	32/90	21/70	pc	31/87	21/70	pc
Los Angeles	22/71	13/56	pc	21/70	14/57	s
Miami	30/86	23/73	s	31/87	23/74	pc
Minneapolis	29/85	14/57	s	26/78	15/59	pc
Montreal	29/78	14/57	s	21/69	11/51	pc
Nassau	30/86	23/74	pc	30/86	24/75	pc
New York	27/80	17/62	s	27/80	16/61	s
San Fran.	17/63	11/52	pc	16/61	9/48	s
Seattle	18/65	8/46	sh	15/59	7/45	c
Toronto	24/75	9/48	pc	23/73	7/44	pc
Washington	29/84	19/66	pc	29/85	18/64	pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, s-snow, Hca.

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AMERICAN TOPICS

Victims Cite Hazards Of Lawn Chemicals

Chemicals used on lawns and golf courses are making thousands of people sick, according to the Senate Environment and Public Works subcommittee on toxic substances. The chemicals kill weeds and insects. But 33 of the 34 most popular lawn and garden pesticides have not been fully evaluated for their safety, according to the Environmental Protection Agency.

A spokeswoman for the Professional Lawn Care Association of America, a trade group, said her industry supports legislation that would regulate pesticide use more thoroughly and give users more information.

The subcommittee, proposing regulations that are more stringent than the industry has in mind, would require lawn-care companies to inform neighbors before they apply pesticides. Connecticut is one of the few states that require this.

Four people who said pesticides had made them sick testified before the subcommittee. One of them was Christina Locek, a former concert pianist and champion ice skater from River Grove, Illinois.

She said she was sunning herself in her backyard in 1985 when a lawn-care company began spraying insecticides on a neighbor's yard. The spray drifting into her yard soaked her and her cat and dog. The cat died within minutes. The dog died later in the day. Ms. Locek said she became sick within moments and collapsed. She said she is legally blind in one eye and permanently disabled.

Short Takes

Tensions between the black and Hispanic communities helped fuel the riots in Washington last week. But in Los Angeles, the Watts neighborhood, which was once 90 percent black, has become half Hispanic over the past decade, with no troubles worth mentioning, the Los Angeles Times reports. Blacks and Hispanics joined to block a redevelopment plan last year that would have uprooted hundreds of residents. This year, blacks joined Hispanics in celebrating the Cinco de Mayo, a traditional Mexican holiday.

Add to "urban legends," like the alligators in the New York sewers or the woman who tried to dry off her wet cat in the microwave: Baggage handlers at O'Hare International Airport in Chicago supposedly found a dead poodle in a crate. Fearing that they would be blamed for the dog's death, they substituted an identical live poodle, causing the sender, who had been shipping her deceased dog home for burial, to faint in horror when the live dog bounded out and licked her face. Or so the story goes.

About People

Brandon Tartikoff, who fostered such television hits as "L.A. Law" and "Cheers" — and also had his share of clunkers — is leaving the NBC television network to make motion pictures for Paramount. He predicts, "The end of network television will come if all it is is an endless sea of sitcoms and reality shows," in which reformed drug addicts or people who have changed sex tell all to the likes of Oprah Winfrey or Phil Donahue.

As for **Joseph L. Mankiewicz,** now 82, who won consecutive Oscars in 1949 and 1950 for writing and directing "Letter to Three Wives" and "All About Eve," today's films "don't seem to exist without the destruction of property, the destruction of human beings, the actual stripping of any kind of mystery or individuality, really, from sex, by putting as much as possible on the screen." One exception, he says, was "Driving Miss Daisy."

Southfork Ranch, for 11 years the film set for "Dallas," still draws fans despite being closed since January and despite the recent demise of the popular television series. Souvenir vendors near the gates say there has been no letup in sales. They predict tourists will be stopping by for years to come. Southfork is rated the ninth most popular attraction in Texas. The ranch house has had several owners and currently belongs to an investment company, which has not announced its plans for the building.

Raymond G. H. Seitz, the first career diplomat to become U.S. ambassador to Britain, was asked how he will be able to afford to entertain on his government salary. He quipped that at state dinners "there'll be no second helpings."

Arthur Higbee

Posting Bail, Kennedy Nephew Says He'll Prove Innocence in Rape Case

By Tim Golden
New York Times Service

PALM BEACH, Florida — William Kennedy Smith is expected to be arraigned on charges of rape and battery next month following his surrender to the Palm Beach police on charges of rape and battery.

Mr. Smith, 30, a nephew of Senator Edward M. Kennedy, Democrat of Massachusetts, turned himself in on Saturday with his mother and a lawyer by his side. He was released after posting $10,000 bond before the Palm Beach County sheriff in West Palm Beach.

"I didn't commit an offense of any kind," Mr. Smith told reporters, "and I'm confident that that's going to come out."

Mr. Smith is charged with a second-degree felony count of sexual battery, the Florida legal term for rape, and a first-degree misdemeanor count of battery. A spokesman for the sheriff, Robert Farrell, said Mr. Smith would be arraigned on June 14.

Mr. Smith's lawyer, Mark P. Schnapp of Miami, said his client would probably enter a plea before then, the sheriff, Robert Farrell, reported.

But a person familiar with Mr. Smith's case said that before any plea was entered, his lawyers were likely to file motions for dismissal on the ground of unfair pretrial publicity.

In a police affidavit released as Mr. Smith was charged, a 29-year-old woman from Jupiter, Florida, said Mr. Smith attacked and raped her early on the morning of March 30 after she drove him home from a Palm Beach nightclub and accepted his invitation to walk on the beach.

The woman said she was screaming "no," and "stop" throughout the attack. Mr. Kennedy and about a dozen other people who were inside the house at the time told police investigators they heard nothing.

Outside the county jail Saturday, Mr. Smith called the woman's allegations "an outrageous lie." He said her statements to the police "represent an attack on me, on my family and on the truth."

"I'm very much looking forward to a trial where I can testify," Mr. Smith said, "and where the truth can come out. I have no question that that will happen."

Palm Beach police officials declined to speak further Saturday about the case against Mr. Smith or what they have described as a continuing investigation into the possible obstruction of justice by William Barry, a friend of the Kennedy family.

The police affidavit, released on Thursday, suggests that Mr. Barry, a former FBI agent who described himself to the police as the head of security for the Kennedys' oceanfront estate, may have misled two officers who first went there looking for Mr. Smith and Senator Kennedy at about 1:30 P.M. on Easter Sunday, 34 hours after the alleged incident and a day after the woman reported it.

Mr. Kennedy has not been named as a suspect in the obstruction of justice investigation, only as a witness. He told reporters on Friday in Cambridge, Massachusetts, "I was never, never told that weekend that there would be an alleged charge against Willy Smith, that he had raped a young woman."

The senator said Mr. Barry told him only of an allegation of "sexual harassment" against his nephew.



Thom Baur/The Associated Press
William Kennedy Smith telling reporters in West Palm Beach that he would be vindicated in court.

Black Graduates Give Bush a Chilly Reception

New York Times Service

HAMPTON, Virginia — Two-thirds of 1,023 graduating seniors remained seated in silence to protest the administration's civil rights policies Sunday as President George Bush received an honorary degree from Hampton University, a predominantly black institution.

There were a few moans and some laughter as President William R. Harvey read the degree citation that noted Mr. Bush's "long and steady support for historically black colleges and universities." About 30 students raised clenched fists into the air.

But it was an understated, polite demonstration as most of the students, who had been standing for the singing of their school song, simply sat down abruptly while Mr. Bush took the stage to the strains of "Hail to the Chief."

There was scattered applause from faculty members, some students and parents for Mr. Bush, whose speech went through a wide range of domestic issues but hardly mentioned civil rights.

"The students wanted to do something subtle," said Carvel Lewis, the senior class president, who said he supported Mr. Bush's presence at the ceremony. "With the world looking at us, they wanted to act like the educated people that they are, but also do something that would be noticed."

It was a substantial change from the enthusiastic crowds that generally greet Mr. Bush, especially since the Gulf war.

The protest demonstrated the unhappiness on one campus with Mr. Bush's veto of 1990 civil rights legislation and also was a reminder that he has yet to come to grips with the civil rights issues that have troubled him since he took office.

The White House had been aware of opposition among some Hampton students to Mr. Bush's appearance. Mr. Lewis said a presidential aide went to the university last week to discuss Mr. Bush's positions on civil rights with students.

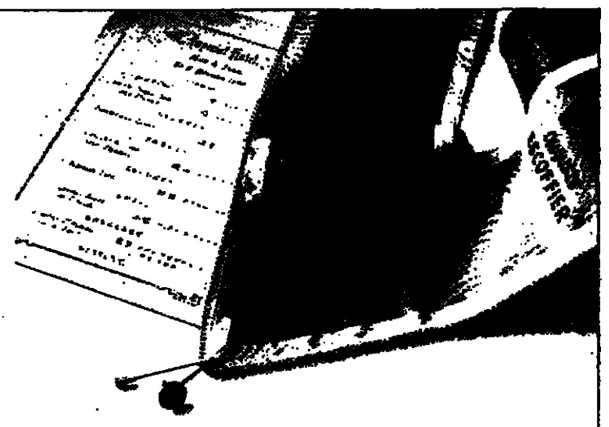
Mr. Bush did not acknowledge the silent demonstration. "The president appreciated the warm welcome and the opportunity to address the students at Hampton," said a White House aide, using language dictated from Air Force One after reporters sought a comment from Mr. Bush.

—ANDREW ROSENTHAL

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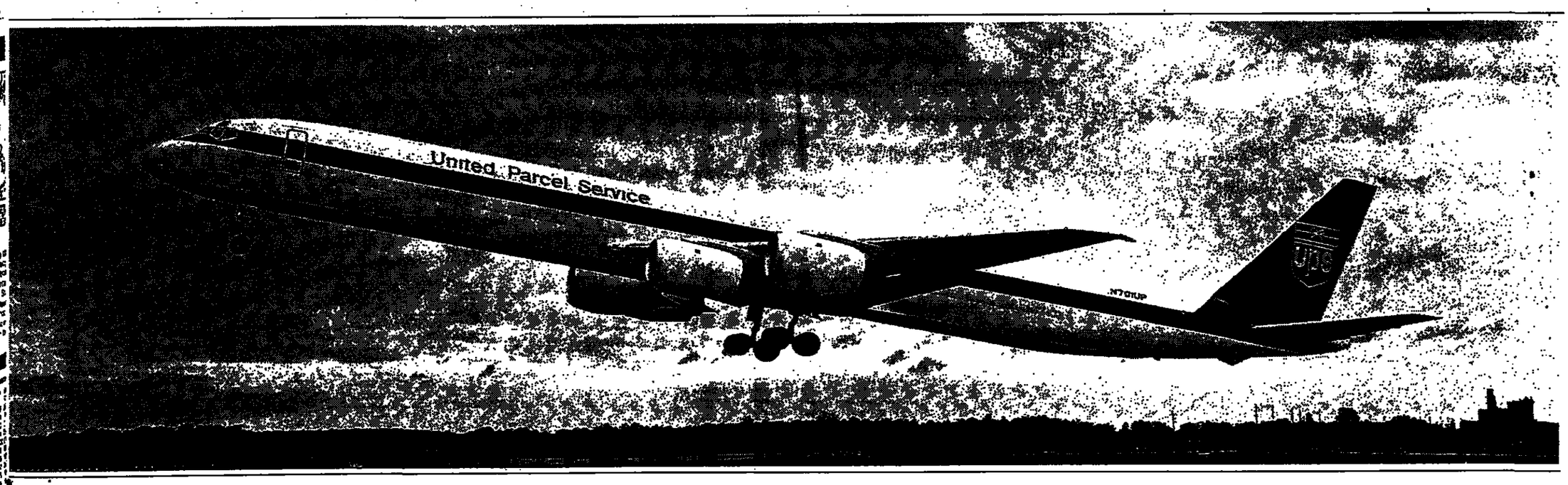
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International Herald Tribune
Published With The New York Times and The Washington Post

Help the Soviet Union

Sending the Soviet people $1.5 billion in new credits to buy food would be a decent thing to do. It would also serve hardheaded American interests. So it is good to hear that President George Bush is looking for a way to provide the aid, despite considerable advice to the contrary. "When people are hungry," he said last week, "we ought to try to help." It is more than a humanitarian gesture and much more than a favor to Mikhail Gorbachev. It is a sign to anxious Soviet citizens that Americans care.

By giving aid now, Mr. Bush also lends support to the encouraging spirit of compromise between Mr. Gorbachev and Boris Yeltsin that could revitalize flagging reform. And aid deepens America's economic and political engagement with its former rival. That could consolidate relations as the Soviet Union goes through the travail of transformation. After all, U.S.-Soviet cooperation is the keystone to any new world order that Mr. Bush hopes to build.

Supplies of U.S. grain could insure against shortages in a Soviet Union caught between a command economy that is disintegrating and a market economy that is not yet functioning. Moscow wants guarantees of $1.5 billion in commercial bank loans, but it is not creditworthy under U.S. law, so Mr. Bush has to find a way to provide the aid. Some critics say that $1.5 billion of food aid would be a drop in the bucket, if not money down the drain. They fear that it would be quickly consumed and would yield no lasting economic benefit. But they ignore the political message of aid. Aid is also being resisted by U.S. hard-liners who do not like that message. They want to accelerate the Soviet Union's economic collapse and political disintegration, and undermine Mr. Gorbachev. But that is shortsighted.

Washington could reasonably seek assurance that food is going to those who need it most. Getting that assurance opens the way to economic engagement with the restive Soviet republics as well as with Moscow. Such engagement is essential as the nine core republics move toward federation and the others seem headed for commonwealth status or independence. Whatever shape the union takes, the United States will still have to cooperate with the central government, with its formidable nuclear arsenal.

Mr. Bush sees aid as a reward to Mr. Gorbachev. "Yes, the Soviet Union is fighting difficult times," he said, "but I am not about to forget history." He went on to cite the Soviet leader's "enormous accomplishments" in promoting perestroika and glasnost, allowing Eastern Europe to go its own way and working "in sync" with Washington in the Gulf war despite opposition at home.

However much the aid might bolster Mr. Gorbachev, it would also yield a more enduring effect. As the last six months of turmoil show, the path of Soviet transformation is long and treacherous — and stumbles can harm relations with the United States. To cast bread on Soviet waters will strengthen those relations, and serve America's enduring interests.

— THE NEW YORK TIMES.

Standing By the Kurds

Ideally, the United Nations would quickly dispatch, and Iraq would accept, a civilian UN police force to help provide the intended "safe haven" for Kurds in northern Iraq. That would let the United States and the five European countries with troops on duty there remove them promptly and in good conscience. The allies would then rely on the existing economic and political sanctions to secure Iraqi good conduct.

But the UN secretariat and, it seems, the general membership shrink from a new resolution establishing a new UN role in the north, and Iraq resists (by mostly political means) both continuance of the allied military presence and installation of a new UN police presence — even an informal one installed without a resolution. That leaves the United States, which had hoped for a quick handover of its protect-the-Kurds mission to the United Nations, puzzling over what to do.

The first U.S. obligation is to make sure that the Kurds can leave those wretched mountains and the refugee camps and resume normal life in their communities. Some argue that sanctions are sufficient for this purpose. But it is already broadly demonstrated that Kurds will not go home without an outside presence inserted between them and Saddam Hussein's army. The United States is determined to keep the sanctions on to protect the Kurds — and, for that matter, until Saddam Hussein is gone. But sanctions must be regarded as a complement to, not a substitute for, a shield of a sturdier kind.

There is yet time for the United Nations to overcome its jitters about intervening in a member country's ethnic affairs and to hatch a fresh resolution to cover this bit of unfinished business from its own Gulf war. But if no UN resolution emerges, the 8,000 allied troops (less than half American) already in the north must stay on. Other nations, concerned about the Kurds but concerned, too, about a lingering American presence, could help by joining the mission themselves. The Iraqis don't like it? Too bad. They can get rid of the troops by giving the Kurds autonomy, safeguarded by a presumably less onerous UN police.

In a way, in recouping from his abandonment of the Kurds, George Bush is moving toward precisely the partition of Iraq that he had earlier forsworn. But Iraqis should be much more alarmed by this prospect than Americans. A credible autonomy regime is Iraq's best guarantee that the Kurds' "safe haven" will not become an independent Kurdish state. It is also America's best guarantee against a "quagmire." In turn, the departure of Saddam Hussein remains the best guarantee of a credible autonomy regime. Meanwhile, the allies must see to restoration of a decent life for the Kurds.

— THE WASHINGTON POST.

Talking Peace in Ulster

The telltale figures in Northern Ireland are these: 900,000, 600,000 and 2,875. The first figure represents the Protestant population in the British-ruled province; next is the total of Roman Catholics; third is the number of people slaughtered there in political violence since 1969. The ambitious purpose of talks just begun in Belfast is to quell the violence by establishing a regional government acceptable to majority and minority, thereby ending direct rule from London.

For the first time in 15 years, the leaders of all the main parties seeking peace will be sitting around the same table, itself an achievement. And heartening, all sides are agreed on the scope of the talks, which can eventually include discussions with the Irish Republic — an idea that Protestant politicians have hitherto bitterly opposed.

What has not changed are seemingly irreconcilable claims rooted in decades of conflict. The North's Catholic minority aspires to eventual union with the Irish Republic, while Protestants adamantly resist any loosening of ties with Britain. Absent from the roundtable, and glowering outside, are the killers of the Irish Republican Army and their Protestant paramilitary counterparts, each capable of wrecking any compromise.

Even so, this initiative offers the best hope for peace in a generation. The North's two communities are weary of violence and the consequent loss of jobs and investment. In a uniting Europe, old frontiers are more than ever an anachronism. No political leader wants to be blamed for the collapse of the discussions. This gives maneuvering room to Peter Brooke, Britain's surefooted secretary of state for Northern Ireland, who has nurtured the talks for 18 months.

He has had the vital support of the Dublin government led by an old-line nationalist, Charles Haughey. It is now imaginable that as part of an overall settlement the Irish Republic might remove from its constitution a territorial claim to all of Ireland, a symbolic grievance tirelessly cited by Northern Protestants. In South as well as North, dogmas are being re-examined. Americans have every reason to welcome this promising quest for a fresh path to peace.

— THE NEW YORK TIMES.

Other Comment

Looking Ahead in Bangladesh

The world's attention is upon Bangladesh following the trail of devastation left behind by the tropical hurricane and its accompanying tidal wave. In Bangladesh, as elsewhere in the developing world, not enough effort goes into medium- and long-term rehabilitation. Both international and domestic communities rise to the tragedies of the moment, but quickly forget that sustained work is needed to minimize the effects of disasters in the future.

There is just no explanation why there were only a handful of storm shelters built during the last 22 years where thousands are needed, or why a riverine delta like Bangladesh has only 12 helicopters and a few dozen speedboats. The stock excuse that Bangladesh is an impoverished nation with limited resources is indeed a poor one. The armed forces should be permanently allotted the role of relief and rehabilitation. They, need to be equipped with modern communications, a substantial fleet of helicopters and speedboats, and their organization geared to both civil administration and the national economy. There is no reason to believe that the armed forces, maintained and equipped primarily for national development, will pose a threat to democracy.

— Dialogue (Dhaka, Bangladesh).

The efforts of the national government need to be better complemented by a coordinated and efficient international relief system that can look into the underlying causes of the recurrent disasters. Prevention should play a major part in international relief. For the immediate future, however, the point is to help Bangladesh come to terms with the aftermath of a cyclone that threatens to blow its development programs off course. And quickly, too, for the longer aid takes to get to the devastated, the less it can do.

— The Sunday Times (Singapore).

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OPINION

Chinese Weapons Exporters Are a Menace

By Gary Milhollin and Gerard White

WASHINGTON — It comes as no surprise that China is selling Pakistan a nuclear-capable missile and selling Algeria a reactor that could fuel nuclear weapons. These are the latest in a long line of irresponsible Chinese weapons exports.

During the 1980s, China sold billions of dollars worth of nuclear and missile technology to South Asia, South Africa, South America and the Middle East. That these sales are still occurring, after a decade of U.S. efforts to stop them, shows how dismally U.S. diplomacy has failed.

This month President George Bush sent yet another mission to Beijing, where Undersecretary of State Robert Kimmitt complained about China's arms exports and its human rights record. A Foreign Ministry spokesman rebuked the U.S. mission, saying that China's policies "will not be changed by external pressure."

That public tirade did not mention Beijing's arms export record. A study that we have just completed shows that China has never kept its promises to restrain weapons exports, and that its real goal is to expand its global influence by profiting from nuclear and missile sales.

By June 3, Mr. Bush must decide whether to renew most-favored-nation status, a benefit worth billions to Chinese exporters. China's trade surplus with the United States jumped from $3.5 billion in 1988 to $10.4 billion in 1989; this is the largest U.S. trade deficit after Japan and Taiwan. This year the gap could top $15 billion. Revoking the trading status would increase American tariffs as much as tenfold, and could force China to decide whether its huge U.S. trade profits are more important than secret nuclear and missile deals.

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In 1983, U.S. intelligence made a surprising discovery: For the first time, one developing country had given another the complete design of a tested nuclear weapon; the yield was about 25 kilotons. The supplier was China, the recipient Pakistan. According to U.S. officials, American agents even learned catalogue numbers of some weapon parts. Indignant, U.S. officials made a model of the bomb — about the size of a soccer ball and with detonators around its surface — and showed it to Pakistani diplomats. Computer modeling of the weapon by U.S. experts showed it to be reliable.

U.S. officials now confirm that China also gave Pakistan something worse — enough weapon-grade uranium to fuel two nuclear weapons.

With the Chinese design, Pakistan has been able to make and test nuclear weapon parts one by one, and to test the whole design with a dummy nuclear core. According to a recent study confirmed by U.S. officials, Pakistan now has a workable bomb weighing only 180 kilograms.

Despite all this, U.S. officials in April 1984 initialed a nuclear trade agreement with China based on a famous White House toast in which Zhao Ziyang declared that China did not "engage in nuclear proliferation ourselves" or "help other countries develop nuclear weapons."

But Chinese scientists were soon seen at Pakistan's Kahuta complex, helping produce weapon-strength uranium with gas centrifuges.

Meanwhile, China secretly sold sensitive nuclear material to Pakistan's rival, India, that would allow it to start building a nuclear arsenal. A Reagan administration official admitted that this conduct "raised certain questions about how the Chinese interpret their nonproliferation policies." Yet the Reagan administration signed the agreement, telling Congress that "China has now declared its opposition to proliferation and taken concrete steps toward global nonproliferation norms and practices."

China's help to Pakistan continues. According to West German officials, China in 1986 sold Pakistan tritium, used to achieve fusion in hydrogen bombs and boost the yield of atomic bombs enough to destroy entire cities. Pakistan is believed to have enough weapon-grade uranium for about 10 nuclear weapons.

Last month, China was discovered secretly selling Pakistan the M-11 missile, which can carry a nuclear warhead 300 kilometers. The M-11's range is at the limit set by the 1987 Missile Technology Control Regime. China has rejected the regime, which its exports clearly undermine.

From 1982 to 1987, China secretly sold India at least 130 tons of "heavy water," dealing through a West German broker. Heavy water is used to make plutonium, a nuclear weapon fuel. China sold the heavy water with no strings attached, allowing India for the first time to start a reactor entirely free of international controls — meaning that the reactor's plutonium would be free to go into atomic bombs.

Chinese heavy water sales continued until 1987, enabling India to import enough to start at least one and possibly three reactors free of international controls. The three reactors now make enough plutonium for about 40 atomic bombs per year.

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Last month, U.S. intelligence revealed that China was secretly building a heavy water reactor in Algeria, which has not signed the Nuclear Nonproliferation Treaty. The reactor is too small to produce electricity economically and too large for research. Its sole purpose seems to be to make nuclear weapon material.

China has sold the 2,400-kilometer-range CSS-2 missile to Saudi Arabia. The low-accuracy missile is almost useless as a conventional weapon, but a threat when armed with a nuclear warhead, whose large blast compensates for the inaccuracy.

In July 1988, China apparently agreed to sell Syria the M-9 missile, designed to carry a nuclear warhead about 600 kilometers. Syria is taking delivery of North Korean Scud missiles produced with Chinese help.

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China rejects the Nuclear Nonproliferation Treaty and the Nuclear Suppliers Group, the two multilateral efforts that try to limit dangerous nuclear sales. China also rejects the Missile Technology Control Regime.

According to a study in the journal International Security, U.S. diplomats who deal with the Foreign Ministry have been talking to the wrong people. "Decision making on arms sales resides in specialized corporations that exercise nearly autonomous authority ..." The study says the military controls the country's two major exporting corporations.

By negotiating secretly with foreign buyers, and reporting directly to the highest echelons of the regime, the corporations avoid interference from the Foreign Ministry. The military wants hard currency to buy advanced weapons abroad. The managers of the exporting firms are often the children or relatives of party leaders, including Deng Xiaoping. According to the trade journal Nucleonics Week, these managers keep a share of the profits for deposit in foreign bank accounts, and have made nuclear smuggling a "quasi official Chinese policy."

The only way to change China's behavior is to force a crackdown on the exporters. Washington should suspend most-favored-nation status until China makes real commitments.

China must join the Nuclear Suppliers Group, which would commit it to reasonable nuclear export behavior. To show good faith, it should scale down the Algerian research reactor to two megawatts, enough for research but too small for bomb making.

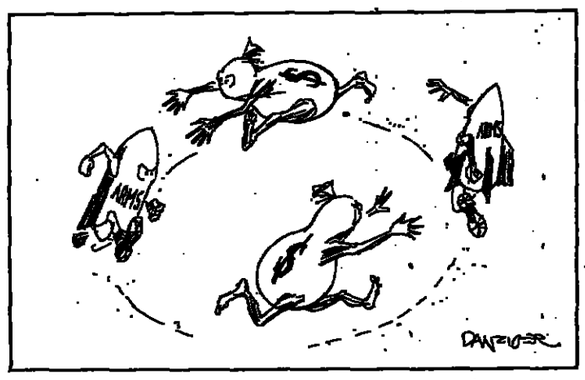
China must also join the Missile Technology Control Regime. It should publicly renounce its M-11 missile sale to Pakistan and M-9 sale to Syria. If these sales go through, China could face sanctions under the U.S. Missile Technology Control Act. The president could bar the exporter from receiving U.S. technology or exporting to the United States.

If China does not take these actions, it should lose access to U.S. high technology. Recently, Mr. Bush took the first step by blocking U.S. parts for a Chinese satellite. The state-owned buyer in China was suspected of selling missiles to Pakistan.

As a second step, Mr. Bush should hold up the sale of a high-powered computer that he approved in December. If China's sales persist, the U.S. Commerce Department should add China to the "Z List" countries such as North Korea and Cuba, where U.S. high technology is barred.

With the Cold War over, the United States no longer needs China to counter the Soviet Union. The main threat to world security, as the Gulf War showed, comes from Third World dictators brandishing weapons of mass destruction. To treat as a friend a country that supplies these weapons is folly. The United States must choke the Chinese arms suppliers now or face the exports later.

Mr. Milhollin is director of the Wisconsin Project on Nuclear Arms Control. Mr. White is assistant director. They contributed this comment to The Washington Post.



China Needs to Earn Western Goodwill

By Gerald Segal

LONDON — As post-Cold War euphoria fades, concern grows that the checkmate system of the triangle linking China, the Soviet Union and the United States may be revived. Of course, the post-1989 triangle is bound to be different, if only because Soviet power is declining. But the summit meeting between Chinese and Soviet leaders that opens in Moscow this Wednesday comes at a time when a still-Communist China and a still-Communist-ruled Soviet Union both fear the intentions of the United States.

Despite improved relations with the West, China is worried that the outcome of the Gulf war has made the United States the "primary contradiction," as Chinese jargon puts it. Given diminished Soviet power and an obviously fragmented developing world, Beijing is finding that there are no counterweights to American might. All the more reason to lean toward Moscow even though the Soviet crutch is cracked and wobbly — in contrast with the 1950s, when the two Communist giants had a close alliance.

Soviet officials say the Chinese have proposed an almost embarrassingly cooperative agenda for this summit. Unlike Western visitors, Jiang Zemin, the Communist Party chairman, has shown no interest in meeting Boris Yeltsin. But he has asked for several meetings with Mr. Gorbachev.

China is said to have made at least one major concession in the now agreed delimitation of the eastern section of its long border with the Soviet Union, including an apparent agreement that Moscow can keep the biggest of the disputed border islands. For its part, the Soviet Union has agreed to the general principle that the frontier runs down the main channel of the river border. Thus, most disputed territory will revert to China.

Neither this border pact nor one dealing with arms control is likely to be signed in Moscow this week (in part because Mr. Ziang is a party leader, not a government leader), but there is little doubt that China has gone a long way since the last summit in Beijing in May 1989. It is now China, whereas it once was the Soviet Union, that speaks of the need for closer cooperation on the basis of "shared values of socialism." Beijing joins with Moscow in blocking United Nations action on a police force for Kurdistan. And China supports many Soviet arms control proposals in Asia.

But if the Chinese hope to use the Moscow meeting to offset enhanced American power by playing a "Soviet card," in the old terminology of the triangle, it has badly misjudged the new world. If China really wants more room for maneuver, it will have to improve relations with the West and become more cooperative on a whole range of issues.

In Asia, an obvious place to start is Indochina. As Beijing hedges about whether to cut arms sales to the Khmer Rouge and press its ally to compromise at the negotiating table, it risks being singled out as the main obstacle to peace. The United States is improving relations with Vietnam and the Phnom Penh regime, while the Soviet Union has been pressing its former friends in Hanoi to move toward reform at the Vietnamese party congress scheduled next month.

In arms matters, China continues to play the aggrieved and impoverished developing state, saying it cannot afford to limit is arms sales or transfers of nuclear technology. But as China becomes a major target of international criticism for its weapons deals with North Korea, Pakistan, Syria, Saudi Arabia and Algeria, it will have to take arms control more seriously.

The refusal to discuss joining the Missile Technology Control Regime is a glaring example of how China can make life more difficult for itself, refusing even to discuss how it can shape the new world order by joining in as a constructive player.

China's anxieties about resurgent U.S. power are reinforced by its own refusal to go further down some of the pragmatic roads it began to travel before the Beijing massacre in 1989.

For instance, China led the Soviet Union into opening relations with South Korea but is now refusing to elevate ties to full diplomatic links, as Moscow has done. The Soviet Union has pressed Pyongyang to accept safeguards of the International Atomic Energy Agency on the controversial nuclear reactor at Yongbyon, but China has been ambiguous. Beijing has refused to clarify whether it will support a South Korean seat at the United Nations, while Moscow has given a wink of approval.

As the Soviet Union prepares to restore diplomatic relations with Israel, China dithers. If the Chinese want the world to be less suspicious of their intentions in the Middle East, they will have to become a more positive player.

If China thinks that making concessions to the Soviet Union on their common border, buying Soviet arms or even providing a loan to help the ailing Soviet economy will help avoid having to get along with the West, it may find that the new world order gets shaped without it.

The writer, a research fellow at the Royal Institute of International Affairs and editor of The Pacific Review, contributed this comment to the International Herald Tribune.

The CIA Triplicates In Limbo

By Leslie H. Gelb

NEW YORK — The next director of central intelligence will inherit various spying activities totaling $30 billion yearly and a Central Intelligence Agency, the jewel in his crown, on the verge of irrelevance.

The successor will step into a universe of a dozen grossly overlapping agencies, of cutthroat bureaucratic competition, of dizzyingly potent and expensive equipment like a spy satellite costing $1.5 billion, and of organizations clumsily trying to make the transition from the Cold War to a bewilderingly diverse "peace."

Unless President George Bush selects a powerful and experienced new spy chief, two things will surely occur: The CIA, already sleepy and isolated, will float into bureaucratic outer space, taking with it the talents of thousands of analysts and agents. And billions of dollars will be wasted in Washington inner space, as rival agencies triplicate tasks and scramble for influence with little sense of mission and excellence.

The story of disarray in the U.S. spy world follows a pattern that is now all too familiar.

The agency, as it is known in Washington, provided scant warning of Iraq's attack on Kuwait and raised few alarms about the war's bloody aftermath. Once the fighting began, the Pentagon easily shouldered the gentlemanly CIA aside and ran its own intelligence show. Throughout, White House and State Department officials condemned the agency for mundane and watered down analyses and predictions.

No one wants to blame the outgoing spy chief, William Webster, for the mess. He did not come to the job four years ago as an intelligence or national security expert. His principal duty was to restore the CIA's integrity after the Iran-contra affair and other illegal activities carried out by his predecessor, William Casey. Mr. Webster rebuilt trust brilliantly.

But he had no stomach for bureaucratic infighting (particularly with the Pentagon, which controls most of his intelligence budget plus its own) and not much feel for how to fit secret information into policy debates.

Top secret agency studies quickly became irrelevant to the policymakers. Senior officials became their own intelligence analysts, a disposition well ensconced before the war because of the agency's lackluster predictions about Eastern Europe and the Soviet Union.

The agency could not get its act together on the Gulf war. On July 20 and 25, a senior CIA analyst predicted that there "may be" war, but not that Iraq would try to conquer all of Kuwait. On the 25th, he was rebutted by the senior agency analyst on the Mideast, and the top CIA brass sided with the Mideast expert — until 24 hours before the attack.

The CIA, like the military, badly overestimated the number of Iraqi troops in Kuwait and their preparations to use chemical weapons. And, compared with military estimates, the agency was way off in estimating U.S. bomb damage. Commendably, the agency in October predicted widespread rebellions by Kurds and Shiites after the war. Inexplicably, the top brass never pressed these views when victory was in sight.

War predictions aside, the main task of the intelligence community now is to refocus resources and talents away from the Soviet Union and on new threats from economic competition, terrorism, drugs and the environment.

The myriad agencies and departments involved in intelligence are making that transition, very slowly and in their usual fashion — by expensive triplication of effort. Still, more than half the $30 billion spending total goes to countering the badly weakened Soviet war machine. What an incredible waste.

Mr. Bush is seriously considering only one candidate for the daunting task of bringing order and quality to the intelligence bureaucracy. That is Robert Gates, the president's deputy national security adviser. He knows foreign policy, is a tough manager and wily bureaucrat and has been a career CIA professional.

Mr. Gates is fully qualified except for a black cloud hovering over his head. Suspicions remain in Congress that he knew more about the illegal Iran-contra caper than he acknowledged in sworn testimony. That cloud has to be cleared away expeditiously before the director's job is offered, so that Mr. Gates can concentrate not on defending himself but on building a lean, refocused, first-class intelligence operation.

The New York Times.

Americans Are Nice but Not Serious

By John Peet

LONDON — Americans are just not serious enough. At least that is my conclusion as I return to London after a couple of years in Washington. How can it be? Washington is the town of the 6:30 breakfast meeting and the 7 o'clock start to the working day, of cartloads of 800-page books, of a million think tanks producing a zillion pamphlets, of a Congress that met on a Saturday, no less, to be deeply serious about authorizing war in the Gulf.

Yet there is an undeniable lack of seriousness about public policy. Look at the budget deficit, first deplored 20 years ago, and now, despite years of talk and last autumn's agreement, at a record level. Or at the public schools, whose results were awful long before George Bush dreamed up the empty phrase "education president." Or at crime, a subject that Washington fastidiously avoids if it can.

The list of things that Americans are not serious enough about is endless: dependence on imported oil, 37 million Americans without health insurance, the country's crumbling bridges and roads, the 20-year-long stagnation in family incomes.

Perhaps this is because the business of politics is talk, not action. But you do not see the same problem in other countries.

In the 1970s, Britain had a huge budget deficit; a few years of tough government action later, it had a budget surplus. In the 1980s, Mexico put through budget cuts equivalent to three Gramm-Rudmans. In 1973, Japan was horrendously dependent on imported oil; 18 years of conservation and taxing later, its economy is more energy-efficient than America's and its oil imports are lower.

Canada once shared America's health worries about the uninsured and medical inflation; it brought in national health insurance. France has invested enormously in rail development. Germany is about to raise taxes. Holland is revamping its health care system. And so on.

What is different about the United States? People point to the separation of powers that makes it difficult to get anything done. They say states do more than the federal government. They may stress a distrust of government that goes back not to Ronald Reagan or Watergate but all the way to 1776. They point out that inaction can be good: No chance of Margaret Thatcher's disastrous poll tax in America.

More loftily, some people note that America never suffered the therapeutic trauma of losing a war (except perhaps for Vietnam) or an empire or both. Or, more prosaically, they talk of lobbyists, a vigilant and even virulent press, the continuous round of elections and the necessity of raising election funds.

Sure, some of these make life harder for those who want to do something rather than stand there and talk as usual. But none of them stopped Franklin Roosevelt from introducing Social Security and the minimum wage, or Lyndon Johnson from establishing Medicare and pursuing the ideal of a Great Society.

And yes, things are especially hard — and gridlock especially easy — when the White House and Capitol Hill are in different hands. But Mr. Reagan succeeded in pushing through tax cuts and tax reform. Even Richard Nixon, as Tom Wicker's recent book reminded us, has an excellent domestic record.

The trouble, I believe, lies with a simple trap into which too many Washington policymakers fall. It is to dream up ideas and proposals not on their own merits, but to annoy, entice or appease others. All reform of campaign finance reform has fallen into this pattern. So does President Bush's capital gains tax cut, proposed not because it would do any good but to annoy fairness-obsessed Democrats and appease tax-cut-obsessed right-wingers.

The same is true of Senator Daniel Patrick Moynihan's payroll tax cut. It entices wayward Republicans and annoys administration budgeteers.

Perhaps, I muse as I fly out, none of this matters. Indeed, suppose I return to cover America in 2000? I can see it all now.

The budget director, James Pinkerton, puts out a budget that promises this time to eliminate the deficit over a five-year period. The Treasury secretary, Dick Darman, asks Congress to cut the capital gains tax to get the economy growing. The trade representative, Jack Kemp, says that one more push will let him finish the Uruguay Round. The House speaker, Dave McCurdy, promises to do something about health care in the next session.

No doubt it will be more fun, as usual, to watch the election campaign instead of worrying about policy. The incumbent president, Norman Schwarzkopf, will be challenged for the Republican nomination by Governor Newt Gingrich of Georgia. Among the Democrats, the fight will be between two female senators, Diane Feinstein of California and Sharon Pratt Dixon of the State of New Columbia. There will be the usual talk of drafting Governor Mario Cuomo of New York.

A good life, amusing politics, great people — as I have found everywhere in America. But serious discussion of new policies to cope with America's problems? Never.

Mr. Peet, who writes for The Economist, just returned to London after a two-year tour in Washington. He contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Party, No Hostess

PARIS — The ball for which the Duc de Massa and his half-brother Baron Roger have sent out invitations is the subject of an interesting article in the *Gaulois*. Both the Duc and Baron Roger are bachelors, and there will be no hostess. This fact, however, will not cause them the loss of a single *invité* or even of an *invitée*. The Duc de Massa occupies a position in Paris society which will prevent it being considered an escapade for any lady to accept his invitation and should quiet any apprehensions that might arise in the minds of the chaperones.

1916: War With Mexico?

WASHINGTON — Army officers assigned to various schools throughout the country have been ordered to join their commands on the Mexican border. To facilitate this the War Department has arranged for these schools to graduate their classes ahead of time. External signs indicate that war is now inevitable between the United States and Mexico. The President has given orders for all American citizens now in Northern Mexico to leave that part of the country. American citizens are being continually molested and attempts against trains are growing more frequent.

1941: Hess Held Captive

LONDON — [From our New York edition:] Rudolf Hess, No. 3 Nazi in the Hitler regime and Deputy Führer of Germany, is a prisoner of war in a hospital at Glasgow, Scotland, the British Foreign Office announced tonight [May 12], telling of one of the most dramatic and fantastic developments of the war. The announcement said that Hess, in the uniform of a German officer, was found suffering from a broken ankle near Glasgow after he had bailed out by parachute from a Messerschmitt plane which he had flown alone across the coast of Scotland and which ran out of fuel. He did not resist arrest.

For Nepal, Big Trek Back to Democracy

By Barbara Crossette
New York Times Service

KATMANDU, Nepal — In a world no longer surprised when another nation joins the march to democracy, it would be easy to overlook what this small Himalayan kingdom achieved Sunday.

It began at dawn, when people who live among the Earth's highest mountains in one of the poorest of nations began trekking to polling *stations up to 15 kilometers* or more. When the polls opened at 8 A.M., thousands of people were standing in long lines to cast ballots in the first openly contested election in more than 30 years. There were still lines when the polls closed at 5.

With this election, Nepal became the third South Asian nation to restore democracy in recent years, following Pakistan and Bangladesh. Nepalese are acutely aware of their moment in history.

Forty kilometers (25 miles) west, in the town of Naubise-Khanikhola — where the women dressed in their finest clothes and jewelry for what one called "this special occasion" — a frail blind man in rags, leaning on a stick, was led to the ballot box by a friend.

In Bhaktapur, east of Katmandu, a crippled grandmother of 70 was carried piggyback to her polling place on the slender shoulders of her grandson.

"They told me this day was very important," she said.

Elsewhere, old men in the distinctive caps called *topis* hobbled or limped to ballot boxes. Boys who were clearly not yet 18, the minimum voting age, stood in lines in the sun. Some were challenged and sent home. Recordkeeping is a shaky business in Nepal, where few possess birth certificates.

In more than 14,000 polling stations, the turnout from Nepal's 11 million voters was reported high, but the voting process painfully slow, as people unaccustomed to choosing from many parties and candidates studied their ballots.

In a country where at least 70 percent of the people are illiterate and many have only a faint concept of nationhood, the ballot papers were printed with only symbols: a tree, a plow, a sun, a ladder, a cow, a fish, a water jug.

"I think it's 50-50 here between the tree and the sun," a voter confided, indicating that the centrist Nepali Congress Party of the acting prime minister, Krishna Prasad Bhattarai, and a leftist alliance called the Communist Party of Nepal/United Marxists and Leninists, would be the main contenders for power in a new government.

A lot of Nepalese got some basic civics lessons during the campaign. Among them was 10-year-old Rajan Prasad Phayal, who lives on a mountainside farm near the hamlet of Jalukeni, north of Katmandu. "We are getting democracy," he explained to a reporter who asked him what was going on. "That means we get parties and everybody votes for what he thinks *best for himself. My father wants the plow, but* my big brother will choose the Communists."

The plow is the election symbol of a right-wing party, the National Democratic Party-/Chand, one of two organizations that are the heirs of the limited electoral system abolished after demonstrations a year ago.

No part of the political spectrum has been barred from this election, held under a new constitution that limits the power of King Birendra, whose authority was once both corporal and divine.

Nepalese are choosing members of a 205-seat House of Representatives, whose most powerful party will name the next prime minister.

The prevailing view is that while the Nepali Congress may win a plurality, no single party will win an outright majority of 103 seats. The Nepali Congress would be forced into coalition with either the Marxist left, its partner in government now, or the royalist right, which it more or less overthrew last year. Final results will not be known for up to a week.

Since 1959, when Nepal had its first and last multiparty election, Nepalese had been restricted to choosing councils called *panchayats*, a pyramid of quasi-legislative bodies that ultimately answered to the King. That system collapsed in street demonstrations in the spring of 1990, opening the way to the election.

The political step Nepal has taken in only one year is a large one.

"We have matured a lot as a nation in a year," a university professor said after waiting three hours in line to vote.

There was considerable apprehension and some tension as polls opened Sunday, however. Riot police and troops were out on the roads of the Katmandu Valley, where all vehicles without special passes were barred from traveling. At least half a dozen people have been killed in *the election campaign — some put the figure as* high as 25.

Voting was stopped at 21 rural polling stations after voters charged intimidation or what South Asians call "booth capturing." Two ballot boxes were reported snatched. A polling official was beaten and 25 voters were injured, according to the election commission.

Nepalese blame radical leftists, whose main aim continues to be the overthrow of the monarchy; rightist officials and landowners who entrenched themselves in the countryside during three decades of partyless royal government, and pro-Indian politicians in the southern Terai region for the campaign violence.

Jiang Visit To Moscow Reflects Better Ties

By Sheryl WuDunn
New York Times Service

BEIJING — When the Soviet president, Mikhail S. Gorbachev, visited Beijing two years ago, the Chinese welcomed him with embarrassed smiles. When China's Communist Party chairman, Jiang Zemin, travels to the Soviet Union on Wednesday, the roles will be somewhat reversed.

Mr. Jiang's four-day trip will give the Chinese a chance to redress *the memory of Mr. Gorbachev's* 1989 visit to Beijing, still clouded by images of protesting students and the military crackdown around Tiananmen Square that occurred a short time afterward. These days, China's political and economic situation appears to be stable, while the Soviet Union faces a host of challenges.

More important, however, is the fact that for China, this trip is the culmination of a long process of normalizing relations with the only major Ccommunist power left in the world. In many ways, it represents the mending of party ties.

Mr. Jiang will be the first Chinese Communist Party leader to visit the Soviet Union since Mao Zedong made a trip in 1957.

"China is trying to save socialism," said David L. Shambaugh, a professor of Chinese politics at the University of London. "It represents a Chinese attempt to play the Soviet card and resurrect the strategic triangle as Sino-American relations deteriorate."

In a dispatch on Friday evening, the official Xinhua press agency called the coming visit "an event of great significance in the history of the Sino-Soviet relations."

In the last year, both China and the Soviet Union have been bolstering the relationship, strained for three decades until Mr. Gorbachev met the senior leader, Deng Xiaoping, in May 1989. Obstacles in the relationship remain, however, such as disputes over the 7,300-kilometer (4,500-mile) border.

Nonetheless, in the last 18 months, there have been a flurry of visits between the two countries, including Prime Minister Li Peng's visit in April last year. Officials have negotiated agreements in a wide range of fields, from military exchanges to technological and scientific programs.



UPI/Mohd Rasfan

Residents fleeing the Swaniesville squatters camp after the attack by Inkatha supporters on Sunday.

Zulus Massacre 25 Squatters

Compiled by Our Staff From Dispatches

JOHANNESBURG — Hundreds of Zulus armed with spears and clubs rampaged through a squatter camp at dawn Sunday, stabbing and burning to death at least 25 people and wounding dozens.

Police and survivors said the Zulus swarmed through the camp of wooden and cardboard shacks, clubbing and stabbing men and setting fire to about 80 hovels. Many of the victims were set on fire, the police said.

Survivors of the attack said the Zulus wore red headbands, the traditional Inkatha badge.

Black factional fighting mostly pits supporters of the Zulu-dominated Inkatha movement against those of the African National Congress. The two groups oppose apartheid, but are divided by deep tribal and ideological differences.

Police Major Ray Harrald said about 1,000 Zulus from a workers' hostel in Kagiso had attacked the nearby Swaniesville squatters camp.

Police in armored vehicles rushed to the area and separated the Zulus and the squatters, he said. The Zulus were taken back to the hostel by the police.

Some residents said there was an attack last weekend on the Zulu hostel, suggesting that the attack on Sunday was in revenge. Police said they had no idea what started the fighting.

Some residents said the police helped transport the Zulus from a nearby hostel in Kagiso, but a police spokesman denied this, saying patrols in the area tried to shield the squatters from the marauders.

At least 1,500 people have been killed since August in fighting for supremacy between the rival movements in Johannesburg townships.

In another weekend incident, police fired on whites to foil an attempt to evict black squatters by force in western Transvaal. Their action Saturday prompting a furious response from pro-apartheid landowners.

The police fired on about 2,000 farmers, mostly supporters of the pro-apartheid Conservative Party, who were trying to oust the blacks from a makeshift settlement outside the town of Ventersdorp.

A police spokesman said two farmers were wounded in the gunfire. A Conservative Party spokesman put the number of gunshot *injuries at four.*

"Next time it happens we're going to shoot back," said one landowner. *(A.P., Reuters)*

Seoul Protesters Fail to Fuse the Nation

By T.R. Reid
Washington Post Service

SEOUL — Much has changed here in the four years since South Korea shifted from dictatorship to elected, democratic government. But one thing that remains the same, as a leading National Assembly member noted recently, is that "May is the cruelest month."

The end of April and the first half of May are the time of widespread protests here, when student activists in blue jeans and green gas masks clash with police in black helmets and tall gray shields, when flames from Molotov *cocktails and billowing tear-gas clouds fill the* sky near several big campuses.

This year's often violent marches and demonstrations began after a 20-year-old college freshman was clubbed to death April 26 by riot police wielding iron pipes. The protesters, demanding the resignation of President Roh Tae Woo and his government, drew a reported 200,000 people Thursday, the largest turnout in the capital since 1987 protests that resulted in free elections.

The latest turmoil has had a horrific quality. Five demonstrators have set themselves afire in anti-government protest; four of them died, the latest Saturday. And a labor activist plunged from a roof in what state television called a protest suicide.

Still, it was not clear that the riots of 1991 would have a lasting effect on the Roh government and the governing Democratic Liberal Party. The protesters in the streets have not yet attracted wide public support.

Thousands of students and labor union members demonstrated Saturday, clashing with police in about a dozen cities; a few thousand fought with police near city hall in Seoul. But despite their chanted pleas for support from afternoon shoppers on the sidewalk, the marchers got almost no help.

In 1987, the students acted as South Korea's "opinion leaders," persuading millions of middle-class workers to join in an uprising that forced the governing party to move toward *democracy. This year, the impact has been far* smaller.

There are still at least two big demonstrations to come — on Tuesday, marking the funeral of the student beaten by the riot police, and on Saturday, the anniversary of a bloody anti-government demonstration in the southern city of Kwangju. But unless those events spark the sympathy of a broader segment of society, the demonstrations seem unlikely to threaten Mr. Roh or his government.

"South Korea's middle class does not support a call for radical change," said Han Sang Jim, a sociologist at Seoul National University. But, he said, the average South Korean was also "very angry about the cruelty of the police and about violations of human rights."

If the man in the street has been reluctant to embrace the current protests, they have seemed just as unwilling to support the government. The move toward democracy has been extremely popular, but people seem thoroughly disenchanted with the government.

An opinion poll this spring showed that only 18 percent of those surveyed expressed support for Mr. Roh's policies. But the small opposition parties did not fare much better. In fact, 60 percent of those polled said they do not support any political party.

But the unhappiness with the dominant party is apparently not great enough to endanger the government, despite the current noisy and sometimes violent street battles. "The silent majority remains the silent majority," a Western diplomat said.

■ Nine Arrests Ordered

The authorities on Sunday ordered the arrest of nine dissident leaders in the capital in an effort to curb the worst opposition protests in more than three years, The Associated Press reported from Seoul.

But students, workers and dissidents vowed a third week of protests against Mr. Roh's government. They issued their pledge as militant students and dissidents buried a man who set himself afire to dramatize the effort to unseat Mr. Roh.

The dissidents being sought included a former school teacher dismissed for anti-government activity and the head of a nationwide radical student group. There was no immediate word on whether any of the nine had been detained.

Pope Extols Virtues of Leisure Time

FUNCHAL, Portugal (Reuters) — Pope John Paul II, visiting the Portuguese island of Madeira, urged people Sunday to savor their leisure time to compensate for increasingly dehumanizing jobs.

Arriving on Madeira, a subtropical island that lives mainly off tourism, the pope described work in the 20th century as an arid mechanical routine in which individuals find it hard to express their identities. He said the growing amount of leisure time being offered to workers in technologically advanced countries should be made to compensate.

Later Sunday, the pope flew back to the Portuguese mainland to visit the shrine at Fatima, where he thanked the Virgin of Fatima for his survival in an assassination attempt 10 years ago.

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Tide of Vietnamese Refugees Rises in Hong Kong

By Barbara Basler
New York Times Service

HONG KONG — Ignoring warnings carried by Vietnamese radio and television about the bleak reception awaiting them, Vietnamese refugees are once again sailing to Hong Kong in large numbers.

More than 800 arrived in the first week of May — 378 of them in eight boats Tuesday, the highest one-day total in nearly two years.

Hong Kong officials say that more than 4,500 Vietnamese have arrived so far this year, compared with only 6,400 who came in all of 1990, prompting fears that the British colony may face a crisis like the one in 1989, when 34,000 Vietnamese arrived.

Clinton Leeks, Hong Kong's refugee coordinator, said the government once believed that the 1989 total was an aberration.

"But now we believe that the low numbers of 1990 were the aberration," he said. "We think the whole thing may start up once again."

He attributed the low number of arrivals last year to the forced repatriation of 51 Vietnamese in December 1989. That was condemned by countries around the world; Vietnam, desperately seeking foreign aid and investment, has refused to accept any more such returning refugees.

Mr. Leeks said that Hong Kong and Britain hope to discuss the Vietnamese problem here this month with U.S. officials, who have opposed forced repatriation.

Vietnamese have been locked in detention camps here since 1988, when Hong Kong said it would no longer treat all "boat people" as refugees, who are accorded special protection under international law, but instead as illegal immigrants.

Since then new arrivals have been taken to closed camps, where they are eventually screened by immigration personnel who decide whether they are refugees eligible for resettlement or are illegal immigrants to be sent home.

Government officials here say that most of the Vietnamese have left for economic reasons, an assertion disputed by many humanitarian groups.

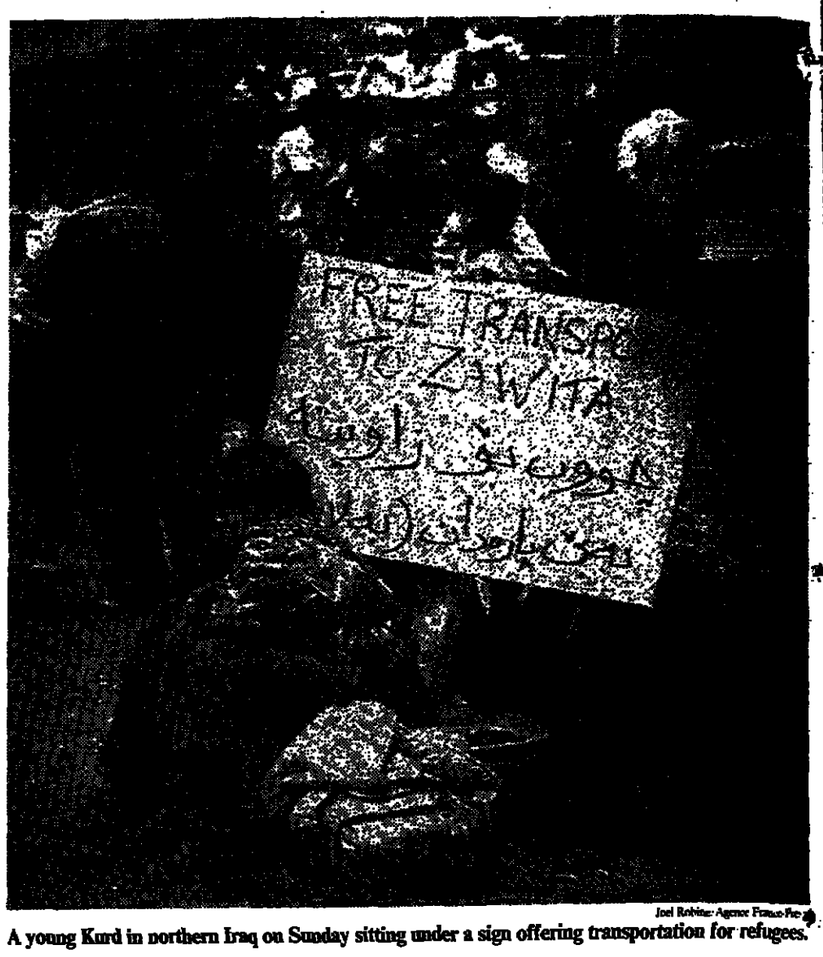
Relief workers say conditions in the colony's 10 detention camps, which house 47,300 Vietnamese — the largest refugee population in Southeast Asia — are tense.

On Friday, the colony's legislative leaders said that no matter how large the influx, they would refuse to vote money for new camps.

■ Congressman's Plan

A letter from a member of the U.S. House suggesting that Washington could send Vietnamese refugees to help to reconstruct Kuwait sparked a fresh exodus, Reuters reported a United Nations refugee official as saying in Hanoi.

An adviser on East Asia and Southeast Asia to the UN High Commissioner for Refugees said Saturday that the letter from Robert K. Dornan, Republican of California, prompted scores of Vietnamese to take to the sea illegally and with little prospect of being resettled.



Joel Robine/Agence France-Presse

A young Kurd in northern Iraq on Sunday sitting under a sign offering transportation for refugees.

WALL: *A United Germany Remains Divided by an East-West Barrier*

(Continued from page 1)

arrogant, pseudosophisticated boasters with outlandishly colorful clothes, made-up faces and a deep-seated cheapness.

"We and the Wessies have communication problems," said a teacher in East Berlin, Monika Schmidt. "A Wessi might try to be friendly, but they treat you like newborn children."

The divide is most palpable in the hopelessness of many Eastern adults, she said. "So many people just gave up. They say, 'I'm waiting for a new job,' like it's just going to be given to them, like things were still the same as before."

That is the kernel of truth behind the ugly stereotype: Ossies are not lazy — 300,000 new businesses have been founded in the East in the seven months since unification — but enough of them are stuck in the socialist way of behavior that, to Wessies at least, they look like they are refusing to change.

East Germany has been traumatized by *Wendekrankheit* — turnabout illness, an identity crisis prompted by the overnight switch from socialism to capitalism. Suicides are up sharply. Psychologists see simultaneous and dramatic jumps in crime, traffic accidents, violence against foreigners and hooliganism at soccer games as evidence of a collective cry for help amid soaring joblessness and frightening uncertainty.

"This is not unification, it's an annexation," said Margit Venner, a psychologist. "A whole people have lost their integrity. We see depression, chronic psychosomatic illnesses, separation anxieties. We are different and we have to accept that."

Ossies knew great changes were coming, but many were stunned to see how little would remain of the society in which they grew up. Western laws and traditions have been almost universally adopted. The sole exceptions, still unresolved: abortion (until a compromise is found, it remains legal in the east and largely illegal in the west) and the legal alcohol limit for drivers (Bonn proposes .05 percent, up from the East's zero and down from its own .08)

Ossies do not like to say so openly, but many in the formerly Communist region still hunger for anything Western. They have bought millions of Western cars and video recorders.

To win access to Western goods, Ossies are willing to take on heavy loads. About 300,000 commute to jobs in West Germany. Bus networks have sprung up to pick up Easterners beginning at 3 A.M. and bring them to jobs as far as 400 kilometers (250 miles) distant.

There are no public explosions of rage in West Germany, but opinion surveys and interviews show that the psychological unification is not going very smoothly even in Europe's most comfortable economy.

Last fall, 70 percent of West Germans told poll takers from Der Spiegel magazine that unification required sacrifices, but only 38 percent of the same group said they were willing to make them.

Seven months of unity have done little to connect the two visions of the world.

IRAQ: *Baghdad Mends*

(Continued from page 1)

ing to talk to journalists at the Ministry of Information, Neda Kadhum Mudarris, a slight middle-aged woman wearing a simple black dress, has the frozen, emotionless look of those who have suffered great tragedy. She lost nine relatives when U.S. warplanes bombed Public Shelter No. 25 in Amiriya, on the western outskirts of the city, killing more than 400 civilians — most of them children.

The Pentagon considered the building a military command and control center. But the attack on it now appears to have been the most terrible mistake of the allies' bombing campaign.

Yet even that tragedy illustrates a truth that strikes any visitor looking at the damage the campaign inflicted. With the houses around the shelter untouched, it is, sadly, the impressive accuracy of the bombing that explains why there are noticeably fewer children on the streets of Amiriya these days.

For someone who as a child remembers London during the World War II blitz, the contrast with the saturation bombing favored then seems dramatic.

The allies did make other mistakes. In addition to Shelter 25, British "smart bombs" aimed at a bridge in Falucha hit a market nearby, killing about 140 people. And the governor of the industrial town of Ar Ramadi told President Saddam Hussein that a school and a hospital in his city were hit.

To see World War II-type urban devastation one must go to the southern cities of Karbala, An Najaf and Basra, large parts of which have literally been flattened. But this mainly reflects the Iraqi Army's postwar repression of the Shiite uprising, not the allied air raids.

Nevertheless, the allies' destruction of Iraq's telephone and electricity systems, its oil refineries and much of its industry horrified the first visitors to the country after hostilities ended on Feb. 28. Mr. Ahtisaari warned the Security Council that lack of fuel and electricity had shut down hospital and water treatment plants, threatening large-scale epidemics.

By paralyzing transportation and cutting the electricity that ran farmers' irrigation pumps, the bombing added to what now seems to be Iraq's major domestic problem — a dramatic rise in the price of everything, especially food, that began with the trade embargo.

But even this may be improving as well. Next month the ration of cheap flour goes up from 7 to 8 kilograms (15 to 18 pounds) a person. Iraq is seeking permission to sell $1 billion worth of oil to buy food, and the United States has agreed to allow Polish pilots to spray the vital northern grain crop to protect it from destructive insects.

To this day, the allies and Iraq refuse to provide firm estimates of the damage they believe was done.

BAKER: *Talks With Assad Fail*

(Continued from page 1)

nudge Mr. Assad toward attending the conference on the grounds that other Arab countries would join.

But it appeared to have had the opposite effect in Damascus. The administration official said Mr. Assad believed that Syria, and not the Gulf states, should have the primary role in any peace conference with Israel.

The announcement by the Gulf Cooperation Council, which comprises Saudi Arabia, Kuwait, Bahrain, Qatar, Oman and the United Arab Emirates, was not mentioned Sunday by state-run Syrian press organizations.

Mr. Baker declined to comment after nearly six hours of talks in Damascus and left without holding a press conference with Foreign Minister Farouk Shara, as the two have done before.

The administration official said that given Mr. Assad's response, Mr. Baker was now likely to reconsider the whole "two-track" strategy of trying to bring about Arab-Israeli peace talks and a dialogue between Israel and Palestinians over the occupied territories.

The official suggested that Mr. Baker and President George Bush might decide to lower their sights and seek a more limited peace conference without Syria. Or they might devise a different approach of trying to stimulate contacts on regional problems such as arms control and water resources.

Either approach would be far less ambitious than the strategy Mr. Baker has pursued since the end of the Gulf war. With the defeat of Iraq, Syria is now the largest and most militarized of Israel's enemies in the Arab world; its absence would dilute the importance of any peace conference.

Mr. Assad's refusal to compromise once again called into question the validity of Mr. Baker's view that the war had opened a "window of opportunity" for U.S. peace efforts in the Middle East.

GULF: *Security Deals Carry Price*

(Continued from page 1)

airs of Saudi manipulation and control.

King Fahd declined to meet with Mr. Cheney on the secretary's first stop in the kingdom at the beginning of the trip, and officials scurried to arrange a meeting on the last day of his tour.

Mr. Cheney arrived in Riyadh only to be forced to wait at a hotel for about 45 minutes until a royal summons indicated the king would receive the defense secretary.

Before the meeting, Defense Department officials had whispered among themselves about the "setbacks" in Saudi Arabia that they hoped to rectify at the meeting with King Fahd.

Afterward, Mr. Cheney said that despite positive responses from the Saudis and other Arab nations, months of work remained before the shape of the future military relationships emerged.

Saudi officials said in interviews that while they intended to accept the positioning of tanks and other U.S. weapons, they did not want the troops, basing arrangements and other strings usually attached to formal positioning agreements.

Other Arab states, exhibiting little faith in their own regional security arrangements, appear more eager to forge bilateral agreements with the United States.

In many cases, according to diplomats, the Arab nations want the United States to play a greater role in regional security than the Bush administration wants.

Kuwaiti officials, for instance, frightened of future threats, are pleading for more U.S. troops and weapons, including a permanent American military base on their territory, according to Kuwaiti government officials.

Bahrain and the United Arab Emirates are requesting more U.S. military cooperation than they accepted in the past.



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UN's Kurd Relief Plan Starts

Compiled by Our Staff From Dispatches

SILOPI, Turkey — The United Nations will begin relief operations in the provincial Kurdish capital of D'hok on Monday even though Kurdish refugees say they will not go back unless they are protected by allied troops.

A U.S. military spokesman, Captain Joe Woodbury, said that the first UN convoy of food supplies would travel to D'hok, in northern Iraq, on Monday.

"I assume there won't be any problems," Captain Woodbury said, but added: "We are disappointed. We hoped there would be a refugee convoy, too."

Relief agencies and allied military leaders hope a UN presence will entice Kurds back to D'hok. The West wants the world body to take over the camps eventually.

In Washington on Sunday, Republican and Democratic leaders in the Senate suggested that the United States should pressure the Security Council to order a UN police force into northern Iraq to protect Kurds, despite opposition by Baghdad.

Senator Bob Dole of Kansas, the Republican leader, said: "We're going to insist that the UN be given that role. We may have to put a little pressure on the UN."

Mr. Dole said the United States could prevent lifting of economic sanctions against Iraq in order to force Baghdad to permit UN forces in the north. "We may end up in a sort of de facto partition," he said, that would provide a security zone for the Kurds.

"I agree that we have got to increase the pressure on the UN," said Senator George Mitchell, Democrat of Maine, the majority leader.

Baghdad opposes a U.S.-backed proposal for a civilian UN police force in northern Iraq to protect the Kurds.

Sending such a force to Iraq requires Security Council approval. Such a move is opposed by the Soviet Union and China.

American field commanders, whose mission in Iraq is to coax the refugees out of Turkish territory and back to their homes, have recommended expanding the allied zone to include D'hok.

But officials in Washington are said to be reluctant, fearing that such a move, over Iraqi objections, would increase the chance that American forces would be stuck in the area for months or years.

A special UN envoy, Prince Sadruddin Aga Khan, is to visit the town Monday. Baghdad has agreed to allow the UN to oversee relief operations throughout the country.

Many of the hundreds of thousands of Kurds who fled Iraq when their rebellion was crushed in March say they are too fearful to go back unless allied troops protect them.

Once a city of 380,000, D'hok is key to the success of the allied operation to get the Kurds back to Iraq.

D'hok lies just outside the security zone created by allied forces.

In Baghdad, a Kurdish leader, Masoud Barzani, said he was confident of reaching early agreement with the Iraqi government on autonomy for Iraq's 3.5 million Kurds.

"I am sure we will have an agreement," he said. Asked when, he replied: "Not today. Maybe during this week."

Mr. Barzani, leader of the Kurdish Democratic Party, met President Saddam Hussein on Saturday for the second time since the peace talks began on Tuesday. He would not say what was discussed.

(Reuters, NYT)

NATO Considers Allied Cost-Cutting

By Charles Goldsmith
International Herald Tribune

BRUSSELS — NATO governments are considering the creation of a special defense-trade committee to promote competition and lower costs among allies at a time of shrinking military budgets.

The creation of such a committee — to identify barriers in defense trade — is a central recommendation in a report to be submitted next month to delegates to the North Atlantic Treaty Organization.

Its recommendations include a code of conduct for intra-NATO defense trade based on a set of rules about weapons procurement throughout the alliance.

A NATO official said the report recommended a range of actions aimed at the "progressive opening" to international trade of the military markets that traditionally have been protected by governments.

Many NATO members — including some, such as the United States, with strong defense industries and others, such as Spain, with developing defense industries — have strong business lobbies seeking to protect arms makers from foreign competition.

Arms procurement is specifically exempted from the stiff rules adopted by the European Community to promote industrial competition.

The NATO report resulted from a proposal made last year by the U.S. delegate, William H. Taft 4th, for a "defense GATT," modeled on the General Agreement on Tariffs and Trade, to remove obstacles to freer arms trade among allies.

In preparing the report, a NATO task force was unanimous in the view that freer competition would enhance efficiency and cut costs. But participants disagreed about the pace of proposed changes, according to the alliance official.

He said that the delegations of the United States, Germany, Britain and the Netherlands led support for more competition, while France, Spain and Portugal voiced the strongest reservations.

100 of 600 Fires Put Out in Kuwait

Agence France-Presse

MANAMA, Bahrain — Firefighters have capped 100 of the 600 oil wells in Kuwait set afire by Iraqi troops, Kuwait's oil minister said Sunday.

The oil minister, Hammoud Abdallah Raqba, who was quoted in a Kuwaiti newspaper, said efforts were continuing to extinguish fires and to control pollution as thousands of Kuwaitis returned home.

The authorities hope to bring the fires under control within a few months. But Western experts said it would take about two years to put out all the fires.

SPAIN: *Without Its Tilde, España Won't Be the Same*

(Continued from page 1)

munity therefore recently began demanding revocation of three pro-tilde decrees. And by the time the plan reached the newspapers, an obscure bureaucratic decision had become a national affront.

Rushing to mend fences, Manuel Marin, a Spanish commissioner at the European Community, said Brussels had no plan to eliminate the "ñ." "The entire business has given Europe an extravagant image that it does not deserve," he said. "When I first heard about it, I thought it was a joke."

It was sufficient as an issue, though, for Spain's foreign minister, Francisco Fernández Ordóñez, to step in. "It would seem to me easier for the multinationals to add one letter to their keyboard than to complicate the life of the Spanish alphabet," he said.

IBM España, which has the largest share of Spain's computer market, issued a statement saying its policy would not change. "Our clients show us the way, and it is our strategy to give them what they want," it said, noting that its computers have always carried the "ñ" in Spain.

The Industry Ministry went further, announcing: "The government guarantees the existence of the 'ñ' on computers." The existing pro-tilde decrees would be revoked, it said, but the Ministry of Health and Consumption would adopt a new decree protecting the ñ.

But whether the Community makes an exception for the "ñ," the 17th letter of the Spanish alphabet has at least united the nation.

"Maybe they'll next ask Britons to drive on the right," Mr. Aguilar said.

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Herald Tribune
BUSINESS/FINANCE
MONDAY, MAY 13, 1991

EUROBONDS

Mixed Blessing for Banks As Private Buyers Return

By Carl Gewirtz
International Herald Tribune

PARIS — The international capital market, which began as a retail market and evolved into an arena dominated by institutional investors, is returning to its roots and witnessing a revival in demand from private investors. The return of these customers is doubly pleasing to bankers because it reopens the market to certain borrowers — unrated or lowly-rated companies and developing countries — that until recently had been shut out.

That's the good news. The bad news is that this resurgence in the old-style market is reviving unbridled competition in pricing and distributing paper that again threatens to turn bond underwriting into a loss-leader, undermining banks as well as the market.

A comeback for corporations and cutthroat competition.

The re-emergence of relatively small debt issues from private companies is a welcome development. Such issuers traditionally accounted for the bulk of new paper in the international market. As late as 1985 they accounted for 65 percent of total volume.

But the stunning $10.5-billion judgment against Texaco late that year, which overnight threatened to bankrupt the company, and the waves of debt-leveraged U.S. takeovers that transformed highly rated bonds into junk almost overnight, soured investors on private debt and sent retail clients rushing to equity markets.

Increasingly, the market became dominated by institutional investors who preferred the liquidity and safety of large government or government-guaranteed debt. Corporations with their smaller issues were crowded out and largely confined to limited sectors — such as Australian dollars — where tantalizing double-digit coupons kept retail clients active.

But now recession in North America and a slowdown in Europe is turning investor attention away from equities and back to bonds, and especially those denominated in dollars.

FOR CONTINENTAL INVESTORS, 1985 was another kind of landmark — the year the dollar peaked at 3.47 Deutsche marks and then began its long decline to 1.4430 DM last February. The dollar has already climbed 19 percent above that low, ending last week at 1.7230 DM.

With the dollar back in favor and bonds back in fashion, retail investors are moving back into the eurodollar bond market and into the Canadian dollar sector as well, as the Canadian currency moves in close tandem with the U.S. dollar.

What most distinguishes retail from institutional demand, bankers say, is that private clients are buyers and holders of bonds whereas professional fund managers are traders. For them, liquidity — the ability to buy and sell without moving the price — and credit quality are paramount.

Retail investors are not indifferent to quality, but they are more responsive to lower quality credits that pay for the added risk. The best example of this was the recent $425 million issue of five-year bonds from a privatized Mexican cement company Cemex/Tolmex. The paper was offered to yield investors 15.6 percent a year — about 7½ percentage points more than comparably dated U.S. government paper.

Bankers assert that such an offering — as well as those earlier this year by Mexico (in Deutsche marks) and two of its agencies (in dollars), and two DM bonds by the National Bank of Hungary — would have been impossible without retail investors.

Bank investors cannot touch such paper because they are full up with loans to those countries. Other institutional investors are troubled by the anticipated illiquid secondary market.

Although borrowers from developing countries are the most extreme example of business aimed at retail investors, bankers also point out that borrowing so far this year by non-financial private companies has risen to 17 percent of total non-equity issues from 13 percent in the year-ago period.

Retail investors have a marked preference for companies they know. That has led to issues from so-called household names like Electrolux — which bankers say probably could not have tapped the market last year — or Daimler-Benz and Unilever, which were able to issue at more advantageous terms.

One of the ironies about the return of retail clients is that institutional investors, who would have worried about the illiquidity of relatively small corporate issues, have cast such fears away and eagerly bid for paper knowing it can always be resold.

While all this is good news for the volume of business, which so far this year is running at nearly double last year's pace, the return of retail clients poses a serious threat to the recently re-established profitability for underwriters.

In the old days, when banks were trying to satisfy retail and professional demand, institutional investors were able to squeeze price concessions from the large number of overly aggressive banks.

With the institutionalization of the market, underwriters set up

See EUROBONDS, Page 13

Italy Cuts Key Rate By a Point

Accord on Deficit Allows an Easing

Compiled by Our Staff From Dispatches

ROME — The Treasury Ministry on Sunday ordered a one-point cut in the Bank of Italy's discount rate, to 11.5 percent, following the cabinet's approval of a plan to cut the nation's budget deficit.

The Treasury said the move reflected the fact that domestic market rates had already fallen below the discount rate.

The reduction followed modest cuts in official rates by Spain, Britain and France over the past two months. Rates are expected to come down another half-point to 11.5 percent in Britain this week.

It also comes a time when the Bundesbank is facing less pressure to raise its rates following the recent cut in the U.S. discount rate.

Karl Otto Pöhl, the Bundesbank president, said in an interview in Saturday's edition of Neue Presse in Frankfurt that the U.S. rate cut and the subsequent easing of the dollar had made it easier to conduct monetary policy in Germany.

The Treasury said an inflationary surge generated by the Gulf crisis is now waning while Italy's economy is showing signs of slowing.

"It is going to benefit industry and help the economy in a difficult phase," said Stefano Micossi, head of economic research at Confindustria, an employers' association.

The government is forecasting that the economy will grow 2 percent in 1991, the same as last year, but many economists say growth could be as low as 1 percent.

The latest reduction had been expected following the cabinet's approval Saturday of a 14 trillion-lire ($10.9 billion) package of spending cuts and tax increases. The plan is designed to keep the deficit for this year within the target of 132 trillion lire.

The agreement ended the risk of a crisis over budgetary policy which had threatened the survival of Prime Minister Giulio Andreotti's month-old administration.

(Reuters, AFP)

EC's Restless Waiting Room

Trade Zone Talks Key to Delaying Membership Bids

By Charles Goldsmith
International Herald Tribune

BRUSSELS — Troubled negotiations to create an 18-nation free trading zone have put a spotlight on the European Community's difficulty in shaping the new Europe according to its grand design and timetable, EC officials and other experts say.

Talks between the Community and the six-nation European Free Trade Association to forge a new European Economic Area, which enter a crucial ministerial phase Monday, were originally conceived as a way of staving off EC membership applications from the EFTA countries — Sweden, Norway, Iceland, Finland, Austria, Switzerland and associate Liechtenstein.

That premise, said an ambassador from one EC country, was "plainly wrong." This fact, experts say, is amply shown by the application submitted in 1989 by Austria and one being prepared by Sweden.

Even more important, the experts say, failure of the talks could signal the 12-nation Community's inability to offer meaningful ties to the infant democracies of Eastern Europe, pending bids for membership when their economies approach EC levels.

EFTA itself was established as a "waiting room" of sorts to give countries a link to the Community prior to possible full membership. Now the EC is trying to appease EFTA members with more meaningful links that would be still be short of membership. At the same time, the formerly communist nations of Eastern Europe are starting to knock at the EC's door.

The EC will try to satisfy the East Europeans with interim measures — EC ties but not membership — lest the former Warsaw Pact nations feel even more excluded should the EC open its doors to the well-off Scandinavian and Alpine countries.

The European Economic Area was partly conceived, EC officials concede, as a stepping stone between EFTA and eventual Community membership, smoothing the way for the EFTA countries to join the Community before the struggling nations of Eastern Europe would be allowed to do so.

If the European Economic Area talks fail, "I think people in Vienna or Stockholm or wherever are being overly optimistic if they think membership would be so simple," a Commission official said.

All parties agree the economic area could be a handy halfway house, not only for the EFTA countries but also for other EC aspirants, such as the East Europeans, eventually.

Helen Wallace, director of the West European program at the Royal Institute of International Affairs in London, said that if the European Economic Area talks prove truly successful, and persuade EFTA countries to defer their membership applications, they would give the EC some breathing room and would serve as a valuable testing ground for alternative solutions that might meet Eastern Europe's needs.

The EC-EFTA talks are snagged over fishing rights and jurisdiction of the Luxembourg-based European Court of Justice, as well as the Community's refusal to offer the six nations the role they

See EC, Page 13

German Stance Gains Sway in EC Union Talks

Reuters

LUXEMBOURG — Europe's drive toward economic union and a single currency by the end of the decade looks more determined than ever, but it is also increasingly clear that any monetary marriage will be made in Germany.

The overriding theme of the meeting Saturday of European Community finance ministers and central bank governors was the need for "convergence" — rooting out big budget deficits and high inflation rates — if economic and monetary union is to work.

"What is important is convergence, convergence, convergence," said Yves Mersch, the treasury director of Luxembourg, which now holds the rotating EC presidency. "That is certainly a precondition for monetary union."

But politically it is an explosive code word meaning every EC state should meet the exacting standards for inflation set by Germany, the group's most powerful member, and should be ready to put their economy through the wringer to reach that goal.

Such a prospect is unpalatable to those states that see economic and monetary union as a way to dilute Germany's influence over Europe's interest and exchange rates, exercised now through the Deutsche mark's role as anchor of the European Monetary System.

It is also impractical, at least in the short term, for southern European countries whose bloated budget deficits help keep their inflation much higher than Germany's.

The debate central to talks on monetary union is whether, as the French advocate, such a union should be all-embracing, or whether, as in Germany's view, all those laggards with below-par economies should be shunted into a slow lane toward monetary union.

At the weekend meeting, Germany not only won broad support for its insistence on convergence, but officials talked openly about the need to give troubled economies more time to make the grade.

"It's easy to imagine that the treaty envisage the possibility that some member states be given another two years, four years, to join" once a significant majority has decided to enter the final phase of economic and monetary union, said Finance Minister Philippe Maystadt of Belgium.

He said between eight and 10 of the Community's 12 members might initially be able to make the leap to a single currency, now penciled in for some time after 1996. Greece and Portugal seem unlikely to join at first, and there are some doubts about Italy and Spain.

Whether Britain, with its maverick attitude to Europe, relegates itself to the slow lane is secondary.

Seeking to coax Britain to endorse monetary union, Jacques Delors, president of the EC Commission, floated a compromise that would enable Britain to sign the treaty now under negotiation without committing itself to accepting a single currency later.

Norman Lamont, Britain's chancellor of the Exchequer, welcomed the initiative but said it was not a breakthrough and that Britain would not accept a single currency.

Dollar Expected to Fluctuate Little

International Herald Tribune

PARIS — The dollar is stranded in a trading range — unable to push higher, unwilling to tumble — a bewildered bystander to Friday's upset in U.S. financial markets that drove down prices of bonds and stocks but left the currency little changed.

"The dollar was totally unaffected and for good reason," said Simon Crane, a London-based currency analyst. "It's in neutral waiting for news — about when the U.S. recession ends, whether Japan will lower its interest rates, and the outcome of the restructuring of the Bundesbank."

Answers to any of those questions could cause the dollar to move sharply, but until then "there's no reason for the dollar to go anywhere, it's stuck in a range 1.70-1.75 Deutsche marks and 130-140 yen," he said.

Uncertainty about the timing of U.S. economic recovery and an end to declining interest rates is a major factor preventing the dollar from testing its recent high of 1.7825 DM set April 29, a day before the Federal Reserve cut half a point off its discount rate and a quarter-point off money-market rates.

The rate cuts are credited with muddying the view about the U.S. outlook. For those who anticipate recovery soon, the cuts are seen as "likely to result in more recovery than is consistent with keeping inflation low," said Neal M. Soss at First Boston in New York.

He said this mistrust was reflected in the steepening of the yield curve, the range between interest rates on overnight money and 30-year bonds, which had been down to 1¾ percentage points but now stands at 2½ percentage points.

"The steepening of the yield curve is the market's way of saying it's suspicious" about how high inflation will be during recovery.

The surprise timing of the Fed's move, said John Lipsky, an analyst for Salomon Brothers in London, "has caused confusion. It was not linked to any economic development and appeared to be in response to political pressure from the Bush administration, feeding worries that the Fed will give in" to continued pressure for lower rates.

On Friday, Treasury Undersecretary Robert Glauber told the Senate Banking Committee that he shares Treasury Secretary Nicholas F. Brady's view that the Fed has scope to reduce interest rates further to help the economy out of recession.

Mr. Lipsky said the U.S. bond market is worried both about the possibility of too much easing and the emergence of a serious policy

See DOLLAR, Page 13

U.S. Executives See Recession Lasting Longer

New York Times Service

HOT SPRINGS, Virginia — Differing markedly from the view of most economists, some of the people who actually run the nation's biggest companies say the recession is likely to linger for many more months with a recovery not likely until next year.

"There's no sign of recovery — none at all," said Henry B. Schacht, chairman of Cummins Engine Co., a leading producer of such cyclical bellwethers as diesel engines.

One after another, members of the elite Business Council who met here during the weekend expressed skepticism the recession will end by summer.

Are Japanese Banks Back From the Brink?

By James Sterngold
New York Times Service

TOKYO — A great deal of abuse has been heaped on Japan's battered banks in the past year as their profits have plummeted and their stock prices tumbled, but in recent months the shares of these financial giants have staged a dramatic rebound. Is it reckless speculation, or is there a message in the rise?

Increasingly, analysts say the improvement is well founded, a reflection of a stable economy and an expected rebound in bank profits. The banks just may be coming out of the woods.

"I can't say Japanese banking is a boom industry yet," said Alicia Ogawa, an analyst at S.G. Warburg Securities. She contended that the banks still face some pressures, "but they are in much better shape than they were six months ago, and their share prices have exploded."

Indeed, since the Japanese stock market hit the bottom of its trough last September, the stocks of the 11 city banks, Japan's leading commercial banks, have soared nearly 56 percent. That is substantially better than the overall market, which has gained about 32 percent.

That strength is important because the banks are the keystone of the Japanese economy and their health is often taken as a barometer of Japan Inc. Bank stocks make up about 13 percent of the value of the Japanese stock market, and the city banks own slightly more than 9 percent of the listed shares here.

"The banks are one of the only sectors that have been really strong," Ms. Ogawa said.

One of the most optimistic analysts is Robert Zielinski of Jardine Fleming Securities. A former nuclear engineer, he has prepared complex mathematical models that forecast, at worst, the leading city banks will experience a nearly threefold jump in operating profits in the next year. The improvement could be as large as eightfold, according to his models.

Mr. Zielinski's analysis suggests Japan's big banks are likely to become even more competitive in the next few years after their slide in 1990, a sobering message for Western financial institutions.

Unquestionably, 1990 was a miserable year for Japan's financial sector, as interest rates soared, stock prices plummeted and bank profits evaporated. But it was a great year for the financial press, which spun out dire warnings that Japan's overextended financial institutions were teetering dangerously and might take the Western world down with them.

Reflecting this squeeze, the city banks are expected to report declines of 30 percent to 50 percent in earnings for the year that ended March 31.

To put that in perspective, operating profits for the city banks — which does not include one-time gains from securities sales — will amount to just a fifth of their peak level in 1987, Mr. Zielinski says.

Some analysts have said the declines would be even worse if Japanese authorities forced the banks to write off bad loans in a timely way.

But Mr. Zielinski contends that the scare stories have actually benefited the banks by making it easier for them to cut back on their least profitable lending and to expand profit margins on other types.

Some of the improvement in the banks' profitability and share prices also can be explained by the decline in long-term interest rates. The Bank of Japan has kept money tight for nearly two years, but some rates have started to slide because of slower economic growth.

The yield on the government's benchmark 10-year bond has dropped to about 6.7 percent from a peak of 8.7 percent last fall.

Officials Widen Inquiry At First American Bank

New York Times Service

WASHINGTON — Federal and New York State investigators are exploring whether a series of lucrative stock transactions were part of a scheme to reward Clark M. Clifford and his partner for helping international money-launderers acquire a secret share in a Washington bank.

Mr. Clifford and his junior law partner, Robert A. Altman, are at the center of a widening investigation of how Luxembourg-based Bank of Credit and Commerce International, which was convicted of money-laundering, covertly acquired an interest in First American Bankshares Inc.

Mr. Clifford, who is chairman of First American, and Mr. Altman, who is president, made nearly $10 million in a series of stock transactions. Investigators who have been looking at BCCI's links with First American now are examining its role in the stock deals.

CURRENCY RATES

Cross Rates — May 10

	$	£	D.M.	F.F.	Lire	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.9465	3.345	1.1297	0.333	0.1523 *	Coord	5.678 *	1.3215	1.483 *	1.69	1.8225*
Brussels											
Frankfurt	1.7222	2.949	—	0.2957	0.1352 *	0.8876	4.985 *	1.1817	1.2675 *	1.5037	1.618 *
London (a)	1.714	—	2.9678	10.8445	2.399.50	3.3403	61.845	2.5868	228.25	1.505	163.28
Madrid	183.318	183.567	63.811	18.27	8.354 *	54.839	2.8077	73.043	77.179 *	92.864	—
Milan	1,283.80	2,198.00	739.87	218.75	—	651.71	35.998	874.54	9.224	1,112.15	11.971
New York (b)	—	1.7245 u	1.7225	5.8225	1.275.00	1.9483	35.385	1.4545	138.65	1.1573	124.45
Paris	5.365	10.848	3.3833	—	0.4574 *	2.8828	0.1646	3.9966	4.2222 *	5.882	5.454 *
Tokyo	128.38	227.81	79.92	22.605	8.7881	76.05	3.8903	94.53	—	128.10	1.2953
Toronto	1.1514	1.9026	0.6676	0.1975	0.902 *	0.503	3.222 *	0.7798	0.8208 *	—	1.08 *
Zurich	1.458	2.5127	0.8459	0.2489	0.1143 *	0.7494	4.112 *	—	1.2654 *	1.2663	1.3679*
1 ECU	1.1893	0.6901	2.8611	6.973	1.525.30	2.2223	42.3575	1.7461	165.396	1.3781	127.397
1 SDR	1.2377	0.7189	2.3185	7.0457	1.717.29	2.612	Clsd.	1.9431	185.035	1.5409	142.510

Closings in Amsterdam, London and Zurich, fixings in other centers. New York closing rates, and Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	9830.0	Greek drac.	189.45	Mex. peso	3090.00	S. Afr. rand	2.797
Austral. $	1.278	Hong Kong $	7.7924	N. Zealand $	1.6849	Soviet ruble*	0.5943
Austr. schill.	12.28	Indian rupee	20.534	Norw. krone	6.742	Swed. krona	6.1835
Brazil cruz.	278.10	Indo. rupiah	1920.01	Phil. peso	27.08	Taiwan $	26.90
Chinese yuan*	5.7131	Irish £	0.6479	Port. escudo	158.85	Thai baht	25.67
Danish krone	6.6265	Israeli shek.	2.2687	Saudi riyal	3.75	Turkish lira	3914.00
Egypt. pound	3.2209	Kuwaiti dinar	0.48	Sing. $	1.7625	UAE dirham	3.672
Fin. markka	4.037	Malay. ring.	2.7575	S. Kor. won	726.30	Venez. bolfv.	55.10

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.7043	1.6968	1.6893	Canadian dollar	1.1552	1.1582	1.1609
Deutsche mark	1.7373	1.7419	1.7461	Japanese yen	139.87	139.26	139.43
Swiss franc	1.4690	1.4720	1.4750				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banco Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	May 10	May 3	Chge
DJ Indus.	2,928.17	2,938.86	—0.64 %
DJ Util.	210.39	211.46	—0.51 %
DJ Trans.	1,187.24	1,171.72	+1.32 %
S & P 100	355.78	360.54	—1.32 %
S & P 500	375.74	380.80	—1.33 %
S & P Ind	447.96	452.37	—0.97 %
NYSE Co	285.87	288.40	—1.21 %
Britain			
FTSE 100	2,524.30	2,526.00	—0.07 %
FT 30	1,973.90	1,979.10	—0.26 %
Japan			
Nikkei 225	26,274.	26,478.	—0.77 %
West Germany			
DAX	1,620.63	1,631.84	—0.69 %
Hong Kong			
Hang Seng	3,750.20	3,737.88	+0.33 %
World			
MSCIP	511.70	514.00	—0.45 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	May 10	May 3
Discount rate	5½	5½
Prime rate	8½	8½
Federal funds rate	5¾	5⅝
Japan		
Discount	6.00	6.00
Call money	8⅛	8 5/32
3-month interbank	7 13/16	7 25/32
West Germany		
Lombard	9.00	9.00
Call money	8.85	8.90
3-month interbank	9.10	9.10
Britain		
Bank base rate	12.00	12.00
Call money	12½	12¼
3-month interbank	11 9/16	11⅝
Gold	May 10	May 3 Chge
London p.m. fix.$	356.70	355.50 +0.34 %

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(*Source: International Financial Managers Survey, '89 (RSL)

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WEEKLY INTERNATIONAL BOND PRICES

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Dollar Straights

Governments / Supranationals

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
AIOC	8⅝	96	98¾	8.61	+96
Asian Dev Bk	11¾	93	108¼	7.93	+81
Asian Dev Bk	8	96	96½	8.80	+90
Asian Dev Bk	9⅞	99	105	8.96	+85
Austria Wheat	9½	93	103½	7.92	+77
Australia	11	95	108¼	8.49	+92
Australia	11½	95	110¼	8.59	+90
Australia	11⅜	98	113½	9.03	+94
Australia	11¼	00	109½	8.78	+121
Austri Control	8⅝	93	101¼	7.37	+45
Austri Control	9¼	94	104	7.74	+44
Austri Control	12	94	110⅝	8.34	+90
Austri Control	9	95	102⅝	8.04	+40
Austri Control	9⅛	00	102⅝	8.66	+50
Austri Control	8½	01	99	8.65	+46
Austri Postspa	10⅛	94	106	8.11	+86
Austria	10	98	105¾	8.96	+88
Austria	11⅛	95	108⅝	8.36	+89
[illegible]					

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
IADB	9⅞	95	105⅝	8.27	+54
IADB	8⅞	95	100⅞	8.19	+46
IADB	7⅜	96	97.075	8.31	+44
IADB	9½	00	104½	8.76	+61
Ind Dev Bk Ind	10	96	98½	10.39	+255
Interfin Co	8¼	93	100¾	7.79	+86
Interfin Co	9¾	95	103⅞	8.09	+51
Interfin Co	8⅞	96	101¼	8.31	+46
Interfin Co	8¼	98	98½	8.54	+46
Interfin Cred	7⅝	93	99½	7.90	+91
Ireland	9⅝	96	101⅞	8.90	+111
Ireland	9½	00	102½	9.07	+92
[illegible]					

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
All Nippon Air	14	94	114⅛	8.45	+114
All Nippon Air	8⅛	96	97	9.00	+115
All Nippon Air	9⅛	97	100½	9.26	+128
Amex	11⅝	00	108	10.10	+207
Amex	7⅝	93	98⅞	8.70	+113
Amex Cred	9	93	102¼	7.86	+61
BNP	8⅜	94	101⅞	7.91	+58
BNP	8⅞	95	102⅜	7.92	+45
[illegible]					

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Yasuda Tst	10¼	98	103½	9.55	+146
Yasuda Tst	9⅞	93	102⅜	8.17	+115
Yasuda Tst	8½	93	100½	8.21	+121

Global Corporates

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
AT&T	9	16	95⅝	9.50	+116
Aegon	8	93	99⅝	8.88	+97
Aetna Life	9½	95	103⅞	8.39	+71
Aetna Life	7⅝	16	99⅝	7.83	+81
[illegible]					

Banks & Finance

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Abbey Natl	10⅛	94	103	9.00	+177
Abbey Natl	8⅞	93	101½	7.93	+102
Abbey Natl	9⅛	94	103½	8.26	+105
Abbey Natl Tre	9⅞	95	102⅜	7.99	+92
ABN	9⅛	94	102	8.37	+102
ABN x/w	3½	94	79	8.89	+105

Third World

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Astra Sa	16⅛	92	33	n.a.	
Banobras	17⅝	92	105	10.86	+454
Escom	11⅛	97	92⅛	29.24	7305
Mexico	8⅜	91	97	13.88	+759
Nafin	11⅞	95	102½	11.28	+366
Nafin	10	96	100	10.00	+303
PEMEX	11⅝	93	102	10.58	+348
PEMEX	17¾	94	114½	11.79	+450
Petro Mex	10	93	100	9.96	+305

Dollar Zeros

Issuer	Mat	Price	Yld	Spd Trsy
Amer Hospital n.a.	00	40⅛	10.34	+185
[illegible]				

Floating Rate Notes

Issuer & Mat	Price	Crt. Cpn.

Deutsche Marks

Issuer & Mat	Price	Crt. Cpn.
Adb Oct 99	99	9.19
African Dv Bk 8-1-97	99¾	9.94
Amro Mar 05	99	9.44
[illegible]		

Pounds

Issuer & Mat	Price	Crt. Cpn.
Abbey Nat 11.625 95	100⅝	11.63
Abbey Nat 13.375 95	100	13.38
Adb 11% 11-apr-2001	100⅛	11.00
[illegible]		

Dollars

Issuer & Mat	Price	Crt. Cpn.
Alb Perp	81½	8.25
Alb Perp	79	6.69
Alaska Finance Jul01	98⅝	7.66
[illegible]		

Ecus

Issuer & Mat	Price	Crt. Cpn.
Bca Agricoltur Jun93	99⅝	10.56
Belgium Apr 00	99⅝	9.41
Belgium May 99	99⅝	9.44
[illegible]		

MUTUAL FUNDS

Figures as of close of trading Friday, May 10.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

Fund	Bid	Ask
AAL Mutual:		
CaGr p	12.45	13.07
Inco p	9.73	10.22
MuBd p	10.14	10.65
AARP Invst:		
CaGr	28.81	NL
GinM	15.29	NL
GthInc	25.78	NL
HQ Bd	15.15	NL
TxFBd	16.97	NL
TxFSh	15.24	NL
[illegible]		

1992 The World's Rendezvous With Europe

Telecommunications

Twenty-Fourth In a Series

Overview / Moving Monopolies

Slowly But Surely, The Monoliths Crumble

The trends emerging with the advent of post-1992 Europe — deregulation, privatization, increased competition, more sophisticated consumer demand and a unified market with pan-European standards — are vividly embodied in the transformation of state-sanctioned telecommunications monopolies.

The tendencies outlined in a much-read EC Green Paper in 1987, calling for an end to restrictive monopolies and a liberalization of the telecommunications equipment market, have rapidly become reality. European

The EC countries are now vying for 'openness'

Community precepts, like one directive issued in May 1988, which obliged member states to withdraw exclusive rights enjoyed by their telecommunication administrations over the marketing of terminal equipment, are helping create a competitive technological and operational environment.

The pace differs from country to country, but the replacement of anachronistic monopolies by energetic market forces seems unstoppable. A more recent EC Green Paper proposes to extend the competitive principles of telecommunications to satellite communications.

"We expect a further erosion of monopolies in the field of telecommunications," predicts B.J.M. Verwaayen, president of the Netherlands PTT Telecom, which was privatized in early 1989. "This will be the result of changes in legislation as well as technological developments."

EC ministers have not only approved an Open Network Provision establishing common principles to allow private service firms access to pan-European networks. The EC Commission has also received legal permission from the EC's Court of Justice confirming its right to forcibly dismantle the national monopolies' jurisdiction over many telecommunications services.

An example of this clout was seen when France's Alcatel Alsthom group took over Fiat's Telettra telecommunications unit in Italy last month. The merger, contended the EC, is contingent on Spain's 33-percent state-run telephone company Telefónica's divesting itself of Alcatel and Telettra shares and pledging to diversify its purchasing policy.

Why does a French takeover of an Italian company affect Spain? The merged entity would have 80 percent of the Spanish market for telecommunications transmission equipment, and Telefónica has a 21-percent share in Alcatel's Spanish subsidiary and a 10-percent stake in Italy's Telettra. The result of the merger: the Spanish market becomes more open.

Other countries have also become more market-oriented. The quickly deregulating British, who sold the first shares in British Telecom in 1984 and are putting the remaining 49 percent on the market, have ended the comfortable duopoly held by giant British Telecom and tiny Mercury Communications.

Last January, the French, who employ more digital technology in their network than either the Japanese or the Americans, created separate telecommunication entities. One body regulates telecommunications and provides the long-term strategy, while another oversees operations as an independent, competitive firm.

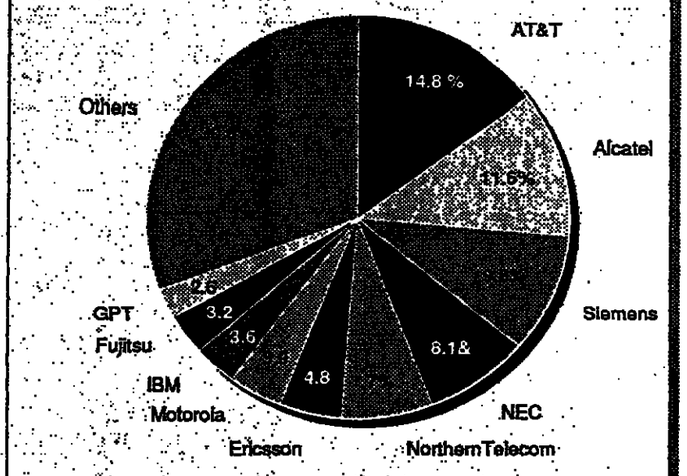
The German Bundespost, whose post and telecommunication services have also been separated, is considering selling a minority share of the Deutsche Bundespost Telekom business to outside investors. Spain, whose entry into the EC encouraged multinational competitors to take advantage of domestic opportunities, passed a telecommunications law in late 1987 to open the market to a wide range of products.

In fact, EC countries now often vie with each other to demonstrate how "open" they have recently become. "We played a major role in defining the liberalization of value-added services in Europe," contends Paul Quilès, the French minister of telecommunications, post and space,

Continued on Page 10

DIVVYING UP THE MARKET

A ranking of the world's top 40 telecommunications equipment manufacturers shows European makers close behind the U.S. leader, AT&T.



Company	Country	Telecom revenue U.S.$ million (1988)
AT&T	United States	11,409
Alcatel	Netherlands	8,933
Siemens	Germany	7,543
NEC	Japan	6,256
Northern Telecom	Canada	5,407
Ericsson	Sweden	3,738
Motorola	United States	3,020
IBM	United States	2,800
Fujitsu	Japan	2,501
GPT	Britain	2,027
Others		23,574

Source: OECD Communications Outlook

Interview / Salvatore Randi, Chief Executive Officer of Italtel

The Competitive Scenario Is Still Being Written

Salvatore Randi, chief executive officer of Italtel, Italy's largest and state-owned manufacturer of telecommunications equipment, discussed the outlook for his industry in an interview with Axel Krause, corporate editor of the International Herald Tribune. Following are excerpts from the interview:

How do you react to widespread talk in your industry in Europe about survival, in light of so many competing systems?

We have already gone through a big shakeout. You remember Alcatel's acquisition of ITT's telecommunications interests in Europe, and Siemens's acquisition of an interest in GPT in England. But Europe is not yet one market, but five or six markets — presently. It will become one market four or five years from now.

Do you regard Italy as an open market?

We have a very open market. Everybody except Northern Telecom is here. From a Europe-wide perspective, there are two big groups in two big countries, Alcatel in France and Siemens in Germany. In this regard, I see there are two scenarios.

What are they?

That Alcatel and Siemens reinforce their positions, because France and Germany are very closed countries when it comes to telecommunications. But there is another possible scenario, that we will have in Europe Siemens, Alcatel, Italtel, plus AT&T and Ericsson. The first is not a competitive scenario; the second is.

Yes, but what about the other players?

Of course, in Europe there are many medium-sized companies, particularly in transmission, which could take a different path. There is GEC, STET, Philips. A shakeout could take place there.

What has been accomplished since the telecommunications Green Paper of 1987?

Not very much. A lot has been done regarding harmonization of standards, but not in specifications issued by the PTTs. You can have the same standard, but different specifications. One good example is Europe's coming digital cellular standard.

Yes, but the German affiliate of Alcatel, for example, caters to German specifications. What about Italtel?

We are not in the German market.

Are you interested?

Certainly, yes. But the German and French markets are a real problem. We hope that when we have international tender in those markets, we will be able to introduce our products and services. We must not confuse procurement of equipment and competition in services.

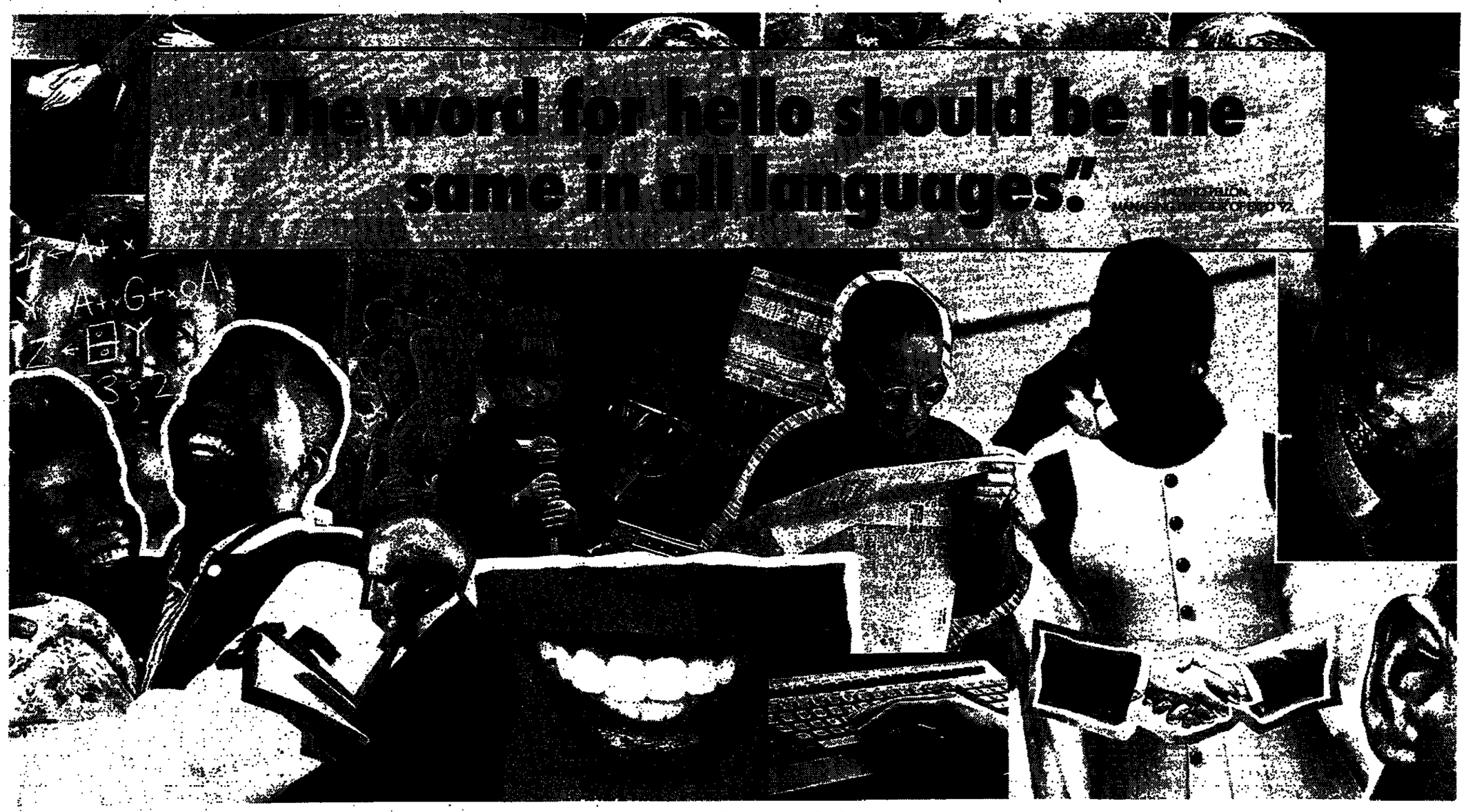
Haven't the EC directives to open markets had an effect?

They are beginning to. There are some symptoms of [deregulatory] progress: the GSM process, the terminal process. And that is all. Brussels is pushing what it can. The Commission does not have all the power, which is in the Council, representing the 12 governments. The Commission initiates many policies.

What would you recommend to Brussels?

The 12 countries need to be more determined to open markets. There are directives on procurement, but this is only a beginning. Countries whose PTTs have only one or two suppliers must be opened to more, like the Italian operating companies, which have more than two suppliers. Even in the United Kingdom, looking at public switching, there are only two suppliers, GPT and Ericsson.

Continued on Page 10



That's the spirit.

The Spirit of '92 is the spirit of a new openness throughout Europe.

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Already we're heavily involved in pan-European research programme and development projects designed to help standardise communications. Alcatel will be supporting Expo '92, and in the Spirit of '92 will be championing a Europe without frontiers.

Need we say more.

ALCATEL

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1992 The World's Ren[illegible] with Europe

MOBILE COMMUNICATIONS

Portable phones represent a major potential growth sector in the EC, where the penetration rate averaged .43 percent in 1989.

Country	Mobile technology	Subscribers	Penetration rate per 100 inhabitants
Belgium	NMT-450	26,864	0.27
Britain	TACS-900	367,000	1.23
	TACS-900	332,000	
Denmark	NMT-450	55,000	2.27
	NMT-900	61,342	
France	RC 2000	145,389	0.26
	NMT-450	2,000	
Germany	C-450	138,511	0.23
Greece	TACS-900		
Ireland	TACS-900	8,500	0.24
Italy	RTMS-450	66,000	0.11
Luxembourg	NMT-450	406	0.11
Netherlands	NMT-450	32,500	0.34
	NMT-900	17,000	
Portugal	C-450	2,782	0.02
Spain	NMT-450	23,779	0.06

Source: OECD Communications Outlook

Portable Telephones / Enormous Potential

The Pace Quickens for Cellular Technology

Today, there are between six and seven million mobile-phone users worldwide, 2.5 million of them in Europe. By the end of this decade, there will be about 30 million cellular units in Europe alone, and some predict as many as 100 million cordless phones in use globally.

The explosion in demand for cellular technology has not caught European postal and telecommunications authorities (PTTs) entirely unawares. The European Community has been involved in telecommunications for many years, and the Council of European PTTs (CEPT) is working on a Digital European Cordless Telephone system (DECT). By the beginning of 1992 the first cordless phones manufactured to its standards will appear on the market. The technical aspects of this standardization are now being finalized by the politically independent European Institute of Standardization in Telecommunications, set up in 1988 at the urging of 20 European PTTs. Today, ETSI's membership includes manufacturers, suppliers, researchers and users, as well as operating companies.

This grouping of regulatory and technical authorities is the result of a marketplace success that has outpaced the rosiest predictions. Malcolm Ross, a cellular expert for the research group Arthur D. Little, thinks that cordless phones will be in half of all European households within 10 years. One out of 10 new mobile phones sold in the United States is a cellular portable, and that figure is 90 percent in Hong Kong. Already, cellular operators have become the largest single customers of national telecommunications operators.

A distinction can readily be made between cellular and mobile telephones, although technology is rapidly narrowing the gap. All cordless phones are mobile: they allow the user to pick up the phone unit from a base, which is plugged into the traditional fixed phone system, and to move about the home or office. One out of three U.S. homes already has a cordless phone: at the present rate of growth, market penetration should near 100 percent by the end of the decade.

Not all mobile phones are cellular, however. A cell is an area covered by one radio base station, and a group of cells together form a cellular network. The latter is used in cars or other fast-moving transportation or in areas of low population density. This helps explain why sparsely populated Scandinavia has the world's highest per-capita penetration of cellular phones. In Sweden, for example, more mobile telephones than new fixed phones are added each year to the network. This increase has been aided by the advanced work in this technology being done by Scandinavian companies, such as Ericsson.

Ericsson is the world's leading company in cellular telephones, with systems supplied or on order in more than 40 countries. Forty percent of cellular phone users worldwide are connected to Ericsson networks, which are used with all the different cellular standards currently in use. These include the Racal Vodafone network in Britain, which boasts more subscribers than any other network, and the Nordic Mobile Telephone network, which covers Norway, Sweden, Finland, Denmark and Iceland. The latter is one of the only cellular networks with an international roaming feature, which allows users to move from one country to another while continuing to make calls from the same phone unit.

Growth may be measured not only in numbers but also in applications. First and foremost, a user is seeking clear and uninterrupted communications, regardless of where the phone unit is carried. That may mean communication between offices, on city streets or from one country to another. A study by the Italian research group Markab suggests that 5 percent of portable-phone users in Europe will require such international access from their mobile phones. Success depends in large measure on how well one can use the same terminal while moving from place to place. This, in turn, depends on the adequacy of frequency bands, which must be harmonized at a European level. CEPT has created a Special Group on Mobile Telecommunications (GSM) to grapple with this issue.

The first system to function in accordance with GSM standards will begin operating in Germany this year. The roaming feature will not come into play until 1993, however, says Ernst Eidenberger of Alcatel Radio, Space and Defense Group, supplier to the system. He adds that while GSM sets uniform standards, qualitative differences among suppliers may eventually become evident.

Portable-phone customers demand more features and flexibility than users of fixed-phone systems, and they are willing to pay for them. In return, they reap the advantages of convenience and, in many cases, significant cost savings. For example, two out of three business calls today do not reach the intended party, and European business spends $1 billion each year trying to contact people who are away from their desks. For a sales person, craftsman or professional, this translates into lost revenue.

According to Arthur D. Little, sector studies show that the economic return on investments in mobile communications quickly pays for the system. Fuel savings of just 5 percent can repay costs in up to eight weeks. Cellular-phone users claim increased productivity of 20 percent. In addition, organizations with cordless systems do not have to reconfigure their telephones every time there is a restructuring, someone moves or staff members are added.

The proliferation of users and uses has put an understandable strain on governments and industry, which are scrambling to keep pace with demand. Problems include the scarcity of radio bands, technological difficulties, the need for new signaling architecture and massive investment requirements. Alcatel's Mr. Eidenberger points out that initial investments will be heavy.

Mario Massone of Markab cautions, "The greatest risk is that the strong demand will force industry to respond too quickly, resulting in fragmentation of systems and standards." The consequences, he says, would be disorienting to the potential user and damaging to industry in that economies of scale could not be achieved.

Because the mobile-communications business is different from the fixed-network business, Arthur D. Little's Mr. Ross questions the wisdom of the European one-platform approach — GSM for now and DECT for the medium term. He thinks that user requirements are too diverse and technological advances too rapid to settle on one platform at this point. By the mid-1990s, portable phones will be transformed into hand-held terminals with features such as touch-screen interaction, graphic interface, personal-organizer functions (address book, diary and others), integrated voice-message systems and operation on two or more frequency standards. Portable faxes and modems will further extend capabilities. All these applications will create a personal communications network tailored to the needs of each user. **Claudia Flisi**

Latin America / Expanding Markets

Rediscovering the New World

Latin American governments are simultaneously attempting to strengthen their economies and improve their telecommunications infrastructure. Argentina, Chile, Mexico and Venezuela are among the nations liberalizing markets and privatizing industry to make access easier for international firms. Numerous European companies have already established a presence.

Argentina took a two-tier approach to the sale of its state-owned Entel telephone company. The northern half of the company will be run by an Italian-French group, consisting of Italy's STET and a France Telecom unit, and will be called Telecom Argentina.

The southern half, belonging to a consortium led by Spain's Telefónica, will be called Telefónica Argentina and will invest $400 million a year in new lines and equipment.

International competitors flocking to Latin America have different rationalizations for their presence. Spain, for example, arrived in the early 1980s, when debt and political confusion turned most other suitors away.

"We have an obligation to other Spanish-speaking countries," says a government official in Madrid. "And 33-percent state-owned Telefónica began getting into Latin America a decade ago, when it was very unpopular and risky."

The Spanish hope to capitalize on important cultural and linguistic ties by establishing themselves in the New World, but they are also reacting to the impact of changes in Europe.

France Telecom plans to spend $4 billion abroad

"European operators and manufacturers will lose part of their domestic market due to EC liberalization and must develop elsewhere," says Cándido Velázquez, chairman of Telefónica.

"As an operator, we need to expose ourselves to new technology and share our expertise on the international level with countries where we already have a foothold," Mr. Velázquez adds.

France Telecom, which plans to invest $4 billion abroad during the next 10 years, took a participation in Mexico's Teléfonos de México (Telmex) in collaboration with Southwestern Bell Corp. and Mexico's Grupo Carso as well as its share in Argentina's Entel.

"It was probably just luck that our first two foreign contracts occurred in Latin America," says the French telecommunications minister, Paul Quilès, who notes that Eastern Europe will probably be the developing world's fastest growth area.

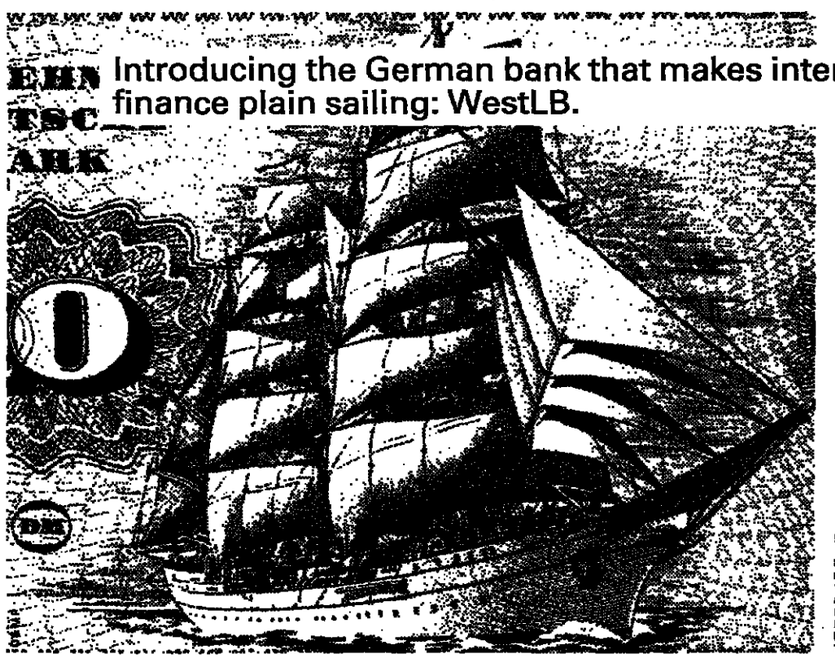
"But they have now served as the foundation for further efforts in the region," he adds.

Chile, where Telefónica bought a 45-percent share in CTC for $390 million, and other Latin American countries are looking to Europe for investment and technology.

Brazil, which previously restricted the telephone equipment market to three companies, opened its market in an effort to end the "cartels" that dominated the economy. Venezuela has invited bids to acquire at least 30 percent of its national telephone company CANTV.

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Overview / Moving Monopolies

The Monoliths Crumble

Continued from Page 9

who has traveled to both Japan and the United States during the past month to tout the open Europe, as well as French expertise applicable for import to Japan.

Governments still remain important to European telecommunications, of course. They set the pace for long-term telecommunications direction and provide the financing for the installation of new networks. They also expect other benefits in both European and international markets. Europe's market for telecommunication services and equipment exceeds $105 billion, and the former monopolies are attempting to create pan-European footholds.

"The unified market, with harmonized norms and a sophisticated, interconnected network, doesn't just give better service and services to 340 million customers," says Mr. Quilès. "It also provides industry and operators with both domestic and foreign opportunities for development."

The challenge for all operators in Europe will be to provide customers with state-of-the-art equipment and service, beat increased competition and penetrate export markets. An example: France Telecom has created a customer support service to keep its major users happy with connections.

"We welcome the European challenge," says Mr. Verwaayen in The Hague. "Harmonization of standards and protocols and simple economics will drive the market to increased productivity. Service-orientation and customer benefits will become decisive, and 'added value' will determine the future of European operators."

The monopolies are also going abroad.

"There are no longer national boundaries in information technology, and it would be irresponsible for any operator not to be active internationally today," says Telefónica's director, Enrique Used Aznar.

This general philosophy has led to cross-border linkages and alliances with other international partners. British Telecom, Nippon Telegraph and Deutsche Bundespost Telekom may join forces to garner more business from multinational clients. British Telecom and IBM are planning to offer large companies worldwide a comprehensive communications service, beginning with electronic mail and electronic data interchange. France Telecom, which plans to invest $4 billion abroad during the next 10 years, has a 10-percent stake in the British cordless telephone firm Phonepoint.

Nor are the Japanese and Americans dormant. Fujitsu bought a 75-percent stake in a British manufacturer of transmission equipment, with the remainder owned by British Telecom.

"Our European ventures are just getting started, but they are integral to our strategy for long-term share owner value," says Sam Ginn, chairman of the Pacific Telesis Group, which is supervising the engineering and construction of a national digital cellular network in Germany.

The Canadian group Northern Telecom acquired STC PLC last March in a $2.6 billion transaction, merging it with its existing European operation to create Northern Telecom Europe Ltd. This followed a management reorganization designed to reposition the company for the 1990s. Paul G. Stern, chairman, president and chief executive officer, said at the time: "The global telecommunications industry is changing. Deregulation is occurring at a rapid pace in the majority of markets we serve. A strong customer focus, coupled with product groups that have a global mandate, are leading us to a flatter, more competitive organization."

Joel Stratte-McClure

Interview / Salvatore Randi

Competitive Scenario

Continued from Page 9

Looking at telecommunications technology, how do the European groups cited compare with the United States and Japan?

I do not agree that there is a real gap in everything in telecommunications. But there is a gap between the United States and Europe in areas such as premises equipment, intelligent network services or software for maintenance and the like. In many areas the United States is more advanced.

How about Japan?

The Japanese are far more advanced when it comes to terminals, but not in public network infrastructure systems. That is what they export: terminals, faxes, consumer products that are less expensive. So, compared with Japan in the fields of infrastructure, we are not in a bad position. As I said, with the United States, Europe's gap is mainly in software and services.

What is your reaction to the recent announcement by Japan's NTT that it had increased foreign procurement last year by 32 percent, to $465 million?

Yes, but starting from a very low percentage of the market. Considering that telecommunications investments in Japan are three times the level in Italy — that amounts to about $30 billion a year — how does that $465 million look?

Are the EC Commission and EC governments succeeding in opening Japanese telecommunications markets?

They will produce something in the short term. But in the longer term, success will depend on knowledge of the markets and good relations with suppliers and customers. That is what is difficult to obtain. The only foreign company investing in Japan, to my knowledge, is AT&T — with some success.

Have R&D programs sponsored by the EC, such as RACE, helped you?

RACE I is ended, and RACE II, the second phase, has not yet been launched. The first phase meant something in promoting precompetitive research. It was helpful, but not decisive. Therefore, we would hope that the new program focuses more on competitive research.

How would you describe Italy's telecommunications services?

As a network, we are in a state of delay compared with other big EC countries in penetration to customers, and some delay in quality of services. Why? Because of a lack of investment in the 1980s. Now, since 1989, there is a big investment program under way.



Courtesy of Italtel

Salvatore Randi, president and chief executive officer of Italtel.

Is AT&T involved in your joint venture in the Soviet Union?

Indirectly, because of our alliance. The plan we have with the Soviets is to create a new company, 60 percent held by Leningrad-based Krasnaja Zarja and 40 percent by us. The total capital investment will be around 60 billion Ecu ($52 billion). The modernization program will be based on our central exchange, Linea UT. Our competition was Alcatel and Siemens.

Why do you think you won?

We have a good system, technologically speaking. Italian banks provided a good credit line, and we think we were more flexible than our competitors. If the Soviet market grows as they expect, the project will be producing as much as all of Italy, which means economy of scale.

1992 The World's Rendezvous

Telecommunications

Satellites / Deregulation or Bust

Liberalization Crucial to Increased Market Share

Last Nov. 14, the EC Commission adopted a Green Paper outlining plans to create the ideal environment for Europe's satellite communications. The European user, European industry and European economy in general would benefit from the broad new program.

Despite the march of technology, regulation of satellite communications in many EC member states remains much as it was in the 1950s and '60s.

In those days, the small number of existing satellite dishes was controlled by telecommunications and broadcasting organizations, usually government-owned. Today, however, the availability of smaller dishes has created a huge demand for specialized communications services.

By 1993, European satellite capacity will triple

These new markets — data distribution, videoconferencing and satellite news gathering, to name but a few — can only become a reality for European satellite builders if regulatory restrictions are scrapped. The EC is preparing to do just that. A six-month consultation period on the deregulation question, begun when the Green Paper was adopted, comes to a close this month. During this time, representatives from Europe's space industry and its various national space agencies have been making their wishes known to the EC Commission.

Nobody doubts that big changes are coming. When commercial satellite services are in the hands of government postal and telegraph ministries, they tend to be neglected by these monolithic administrations. "For a huge government department, the space business is just too small to get very excited about," observes René Collette, director of the European Space Agency's telecommunications division. Business activity, however, should be intense. Deregulation will draw the smaller investor.

Deregulation and standardization in the telecom field to allow European companies should cut costs, thanks to the economic boost an integrated European market will bring. For the space segment (satellites), some estimate these reductions at 40 percent. For the earth segment (transmitting and receiving antennae and dishes), the cost-cutting factor could be as high as two or three, according to the EC paper.

The following could happen: 1) Full liberalization of the earth segment, including abolition of all exclusive rights. In the future, it might be possible for businesses to obtain and use satellite dishes for direct reception, notably of television, with no restrictions. 2) Unlimited access to the space segment. Service providers would be able to obtain the transmission capacity they need through contracts with satellite providers, and providers would be able to transmit signals via satellite. 3) Commercial freedom for space-segment providers. Satellite providers would be able to sell satellite transmission capacity to service providers and users directly. 4) Standardization measures. These would establish licensing, frequency coordination, service coordination to and from non-EC nations and the definition of Community standards for better compatibility of equipment. These modifications would be meaningful in the wider European context as competitive networks strive to meet the satellite communication needs of Central and East European countries.

These changes are expected to stimulate growth in the new markets as new business services increase market efficiency for a broad range of economic sectors across the EC. This applies particularly to those areas making heaviest use of the new operations and include finance (28 percent of total demand), manufacturing (28 percent), retail and distribution (13 percent), and tourism and transport (4 percent).

Today, new satellite services account for only 10 percent of satellite operators' total revenues. By 1993, the capacity for European satellites will have tripled, and they could then be used for these specialized services.

The world space market is worth 5.5 billion Ecu ($7 billion). European manufacturers currently supply 20 percent of this market, which includes today's second-generation communications satellites. The United States, by contrast, provides 75 percent.

Though European-made satellites are technologically competitive with those made in the United States, this technological competence has not yet been translated into a global market share. In the main, Europe's satellite manufacturers supply buyers at home, where the market is a 1-billion Ecu business. One reason for this lack of impact on a global scale is outmoded regulations. Another is the fragmentation of European production.

European production runs are shorter than those in the United States. Today, companies are hoping that deregulation will bring about economies of scale that will trim the costs of manufacturing a commercial satellite by as much as 40 percent. Hughes Aircraft and Communications Corp. of El Segundo, California has been able to produce and sell more than 30 of its standard satellite platforms. It can therefore charge up to one-third less than its competitors and increase its market share. Observers believe that Europe's share of the world market could double if the market were deregulated.

Access to space services on the national level is already loosening up in many countries. British Telecom, for example, has authorized several companies to operate one-way networks. Germany has liberalized completely. The government has authorized two-way services and is granting licenses.

For businesses, these changes mean that companies can now shop around for exactly the right type of satellite service. Five years ago, anyone needing such services had to apply to the government supplier.

Sweden has long had liberal legislation in the telecom sector, and licenses for private operators are already available from the Swedish P&T, but Bengt Sundh, business area manager for scientific and telecom programs at Saab Space, suspects that total deregulation across Europe will not be as forthcoming as many would like. "Political will not to go to full deregulation is still too strong," Mr. Sundh says.

Total deregulation would have heavy consequences for both the European and U.S. space industries. "Europe is as good as the U.S. technically," Mr. Sundh maintains, "but we still need a couple of more years before we're able to compete."

To illustrate the lack of European industry's global vision, Tim Howell, one of the authors of the EC Commission's Green Paper, says: "Small terminals are priced comparatively high now, because each country is looking only at its national market. But they need to know that they've got a good chance of winning if they produce one million data terminals per year."

The field of receiving antennae is crucial for the future of satellite television. Analysis shows that cost savings of a factor of three to four could be attained by a more open market.

Joshua Jampol

Tariffs / Trans-Atlantic Gap

International Phone Rates Closer to Standardization

For Americans visiting or living and working in Europe, phoning home may become less expensive in the next few years.

A combination of market forces, regulatory pressure and new technology may help narrow the decades-long discrepancy that has made a typical telephone call from Europe to North America more expensive than the same call in the other direction.

U.S. invisible trade deficit: $150 million annually

Gregory Staple, a communications lawyer with the Washington, D.C. law firm Koteen and Naftalin, says the price differences grew out of the historic European attitude that international telephone service is a luxury.

"For years, the telephone base was rather limited, and there was less public concern with call prices and less concern with the policy of using international call prices to subsidize the costs for building national networks. But international service has become increasingly consumer-dominated, and the mass-market use has refocused on those issues," Mr. Staple says.

Mr. Staple, former director of the London-based International Institute of Communications Telecommunications Forum, predicts a "continual decline" in phone rates, particularly between Northern Europe and the United States. Calling costs from most Southern European countries may not begin dropping until the mid-1990s, he says, largely because those countries are the most heavily subsidized.

The matter is no small economic concern for the United States, which runs up what amounts to an invisible trade deficit of $150 million annually in payments by American telephone companies to their European counterparts. As a result, the U.S. Federal Communications Commission (FCC) wants European companies to change their accounting methods and reduce charges to U.S. companies by as much as 50 percent by 1993.

Americans log 600 million more minutes of calls to Europe each year than Europeans do to the United States. In a typical year, about one-third of that "traffic deficit" is with Germany, largely because of Americans telephoning the tens of thousands of U.S. service personnel and dependents in that country.

Overall, studies estimate that European companies' disproportionately lower profit margins on domestic calls lead to overcharges of up to $10 billion a year for international calls. State-run national telephone monopolies commonly use those international overcharges to finance improvements in their domestic service while holding down domestic customers' bills.

The trans-Atlantic price differentials vary by country, but most Americans in Europe are not surprised when they calculate that it costs them up to twice as much to phone home as it does for their American friends, relatives and business associates to call them.

Now, however, European countries are becoming aware that cooperation and reciprocity in telephone pricing may be a key to their own economic success on the world stage, according to David Gillick of PA Consulting Group, Europe's largest telecommunications consultancy.

"It's increasingly recognized that telecommunications have become the central nervous system of the new global economy, which is increasingly based on electronic exchange of information," he says. "Therefore it's vital for business in all industry sectors. As such, it becomes vital to the economies of individual nations. Countries are placing telecommunications issues higher and higher on their foreign policy agendas. What oil has been to the 19th and 20th centuries, increasingly telecommunications will become to the 21st century."

With the encouragement of the FCC, the Geneva-based International Telegraph and Telephone Consultative Committee, which sets global industry standards, announced last December that it will seek reforms.

That action came on the heels of a European Community directive calling for an investigation of all aspects of the telecommunications industry, with particular attention to whether prices for telephone calls have been artificially inflated by violations of the single market's principles of free and open competition.

Clearly, the EC hopes that cracking the monopolies held by state-run communications companies will eventually open the door for free-market competition and force down calling costs.

Four planned trans-Atlantic submarine fiber-optic cables, aimed at providing capacity for more calls along with quicker and clearer connections, may also help reduce or hold down calling prices from Europe to the United States. The first, linking the United States and Germany, should be in place by the autumn of 1992, and the other three are expected to be on line by 1996.

Timothy Harper

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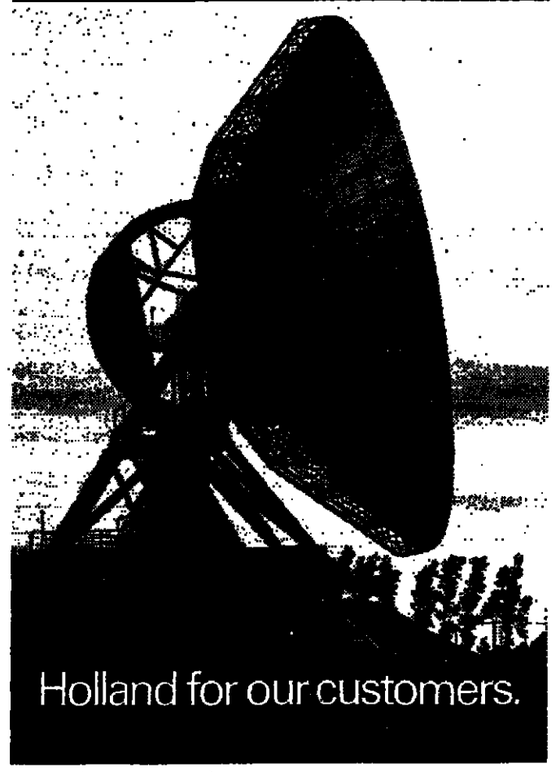
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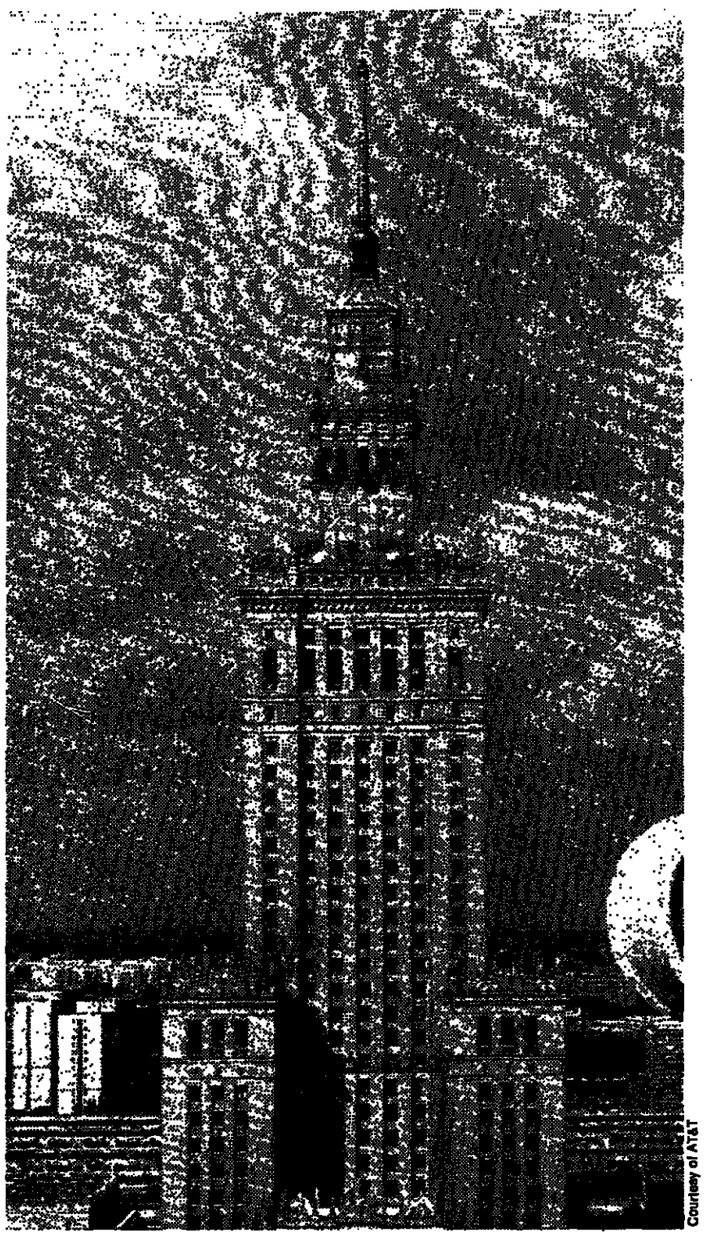
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Courtesy of AT&T

A radio microwave link makes up part of the Kommertel business communications network in Warsaw.

Eastern Europe / Big Bucks, Tall Order

The Race to Modernize Europe's Other Half

Eastern Europe's telecommunications market was recently opened to Western companies, resulting in a flood of joint ventures aimed at meeting the needs of this huge market.

For the last six months, Klaus-Dieter Deutrich has been commuting from Berlin to Moscow, Kiev and Izhevsk. Mr. Deutrich, 58, has spent much of his professional life installing telephone networks in remote or inhospitable environments. Just finished with a major project in China, he has been presiding over Siemens's public communications network's massive expansion into the former East bloc.

> The Eastern market may be worth $300 billion

Until Cocom (Coordinating Committee for Multilateral Export Controls) restrictions were eased at the end of 1990, Western telecommunications companies had no reason to export to the East, as their most viable products — digital switching, cellular and cordless systems — were blocked by restrictions.

Since then, there has been a rush to meet the needs of what could easily be a 500-billion-Deutsche-mark ($300-billion) market. An indication of its potential size comes from the former East Germany. To modernize its woefully inadequate telephone system (the best in Eastern Europe), Dieter Gallist, a member of the board of Germany's DBP Telekom public-sector authority, has allocated some 55 billion DM over the next nine years.

The scramble is on for lucrative bits and pieces of this new market. AT&T, the world's largest operator of telecommunications networks, has opened up service to Albania, sold a digital international gateway exchange to Poland's post and telecommunications authority and put Armenia on the telecommunications map by providing the Soviet republic with everything from satellite earth stations and credit-card pay phones to electronic billing systems.

As Cees Steijger, executive with AT&T Networks Systems International in Hilversum, the Netherlands, explains, AT&T is concentrating on the areas of the East European market that are tied into the international system and are generating revenue. Such profitable domestic areas as inter-hotel traffic are also of interest to the company.

Like many international observers, Mr. Steijger is politely skeptical as to the future of cellular networks in the East. "It could be a good idea," he says cautiously. The business underpinnings of the large-scale projects recently announced by Bell Atlantic, Millicom and U.S. West International in Czechoslovakia, Hungary, Poland and the Soviet Union seem to be shaky — these countries don't even have the infrastructure for normal, digital telephone service, let alone advanced technologies. As one telecommunications executive points out: "Who, aside from a handful of Western-oriented businesses, is going to pay for cellular phones?"

Both Northern Telecom and Siemens have set out to supply that infrastructure, and both have chosen the same way to structure their involvement.

Siemens and its Eastern partners (Romania's Electromagnetica, Czechoslovakia's Tesla Karlin and Hungary's Telefongyar) have formed joint-venture companies to produce the equipment needed for digital switching systems. The new companies' customers are their local public telecommunications authorities. The companies' "capital" is made up of Siemens know-how and machines to produce the components of the new system, as well as the buildings, personnel and infrastructure provided by the local partner.

In Northern Telecom's case, the local partners were Austria Telecommunication GmbH and BHG Telecommunication of Budapest. The products and end-users were the same as in the Siemens deals.

Although Siemens partially recoups its outlays through licensing its technology to its new joint ventures, Mr. Deutrich stresses: "It's a long-term prospect. Five years, 10 years is short-term in this business."

His main area of concentration is the Soviet Union, where Siemens now has 160 million DM in joint ventures in Kiev and in the southern Ural town of Izhevsk.

Financial backing, he says, is already in place. "The money's there for telecommunications, hard currency from oil," he states firmly.

For Siemens, it makes business sense. The company's two telecommunications divisions — public communications networks and private communications systems — received 40 percent more orders in the first four months of 1991 than in the same period in 1990, making telecommunications one of the two main sources of company profits, along with power transmission networks, according to outside observers.

"We're running three shifts, around the clock, to keep up with demand," says Mr. Deutrich.

With no extra production capacity of its own, Siemens has decided to farm out the manufacturing to local partners.

Terry Swartzberg

Telecom '91 / Open Networks

Fair Highlights Global Interconnections

Telecom '91, the Geneva-based International Telecommunication Union's quadrennial trade fair, will be held Oct. 7-15. This year's fair will look at the political, financial and economic implications of the information revolution that has already wedded computers with telecommunications and is now including broadcasting.

"Nowadays, no country or region can hope for economic growth or social advancement unless its communications networks and related services are of high standard and work on a basis of full interoperability," says Pekka Tarjanni, secretary general of the ITU, which brings together telecoms from 164 countries.

Telecommunications is today a rapidly changing field that interweaves the flexibility of multimedia networks and the broadband capacity offered by fiber optics with the ever-accelerating power, diminishing size and increasing mobility of computers, not to mention satellite links, mobile telephones and high-definition television. There is also a trend to break up monopolies and introduce more competition.

Telecom '91 is expected to attract some 60,000 visitors to its exhibition and book fair, together with around 3,000 participants for its related conference sessions.

Major themes tackled by the ITU include network standardization, global interconnectedness and the explosion in mobile telephones and universal personal telecommunications. One of the leading gray areas the ITU hopes to bring into focus is the open-network concept: ensuring global access and interconnectedness. The open-network concept is central to Telecom '91's theme of the global information economy. "The ITU has now coined the term [open-network framework], and we are laboring to consolidate everybody else's ideas into a consistent whole," Mr. Tarjanni says.

Michael Rowe

Claudia Flisi is a business writer based in Milan and Monte Carlo.
Timothy Harper is a London-based American journalist and lawyer.
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Terry Swartzberg is a Munich-based free-lance journalist.

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TECHNOLOGY THE WORLD CALLS ON.

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Yorkshire Building Society	£65	1994	0.10	99.61	—	Over 3-month Libor. Noncallable. Fungible with outstanding issue, raising total to £150 million. Fees 0.10%. Denominations £50,000. (UBS-Philips & Drew Securities.)
Fixed-Coupons						
Bremer Landesbank	DM75	1994	10	101	—	Noncallable. Redemption at maturity may be in cash or in shares of Veba AG. Fees 1½%. (Trinkaus & Burkhardt.)
Crédit Local	ml 150,000	1996	12.20	100¼	99.42	Noncallable. Fees 0.15%. (Istituto Bancario San Paolo di Torino.)
Finance for Danish Industry	DK 300	1995	9¾	102	—	Noncallable. Fees 1¼%. (Den Danske Bank.)
British Columbia	C$500	1996	10	101.525	99.65	Noncallable. Reoffered at 99.90. Fees 1⅜%. (Swiss Bank Corp.)
Compagnie Boncaire	C$75	1994	10¼	101½	100.00	Noncallable. Fees 1¼%. (Hambros Bank.)
Ottawa-Carleton	C$100	2001	10⅜	100½	—	Reoffered at 99.00. Noncallable. Fees 2%. (Wood Gundy.)
Volkswagen Int'l Finance	C$150	1995	10⅛	101.85	100.10	Noncallable. Reoffered at 100.425. Fees 1¼%. (Bankers Trust Int'l.)
Western Australia Treasury	Aus$100	1998	12	101.80	100.80	Noncallable. Fees 2%. (Hambros Bank.)
KFW Int'l Finance	¥30,000	1996	7	101.405	99.78	Noncallable. Reoffered at 99.78. Fees 1½%. (IBJ Int'l.)
Nissan Capital of America	¥20,000	1996	7¼	101¼	—	Noncallable. Fees 1¼%. Denominations 10 million yen. (Daiwa Europe.)
Nissan Capital of America	¥6,000	1996	8	101.515	—	Interest will be 8% in first two years and 19.10% less twice the 6-month Libor thereafter. Noncallable. Fees 1⅜%. Denominations 10 million yen. (Yamaichi Int'l Europe.)
Nissan Capital of America	¥4,000	1996	8	101.515	—	Interest will be 8% in first year and 6-month Libor less 0.15% thereafter. Noncallable. Fees 1⅜%. Denominations 10 million yen. (Yamaichi Int'l Europe.)
Equity-Linked						
Daido Metal	DM35	1995	4	100	—	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set May 14. (Yamaichi Bank Deutschland.)
Nichii	DM500	1995	4	100	99.25	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set May 13. (Deutsche Bank.)
Renown Look	DM70	1996	4½	100	102.75	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set May 15. (Deutsche Bank.)
Sumitomo Chemical	DM250	1998	5½	100	99.75	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set May 15. (Daiwa Europe Deutschland.)
EE Finance	£437.76	2006	8¼	100	99.50	Semiannually. Callable at par in 1996. Convertible into shares of Enterprise Oil PLC at 640 pence per share, a 15% premium. Fees 2½%. (S.G. Warburg Securities.)

Inflation Seen as Key in Bonds

Compiled by Our Staff From Dispatches

NEW YORK — The U.S. Treasury market's obsession with the long end of the yield curve in the wake of last week's disappointing

U.S. CREDIT MARKETS

30-year bond sale will keep the focus sharply on inflation news this week, analysts and traders said.

"People agree the economy is still weak, so inflation should be better," said Elias Bikhazi, an economist at Security Pacific Corp.

The inflation outlook also is likely to be the subject of discussion at the meeting in Washington Tuesday of the Federal Reserve's Open Market Committee, which sets policy for the central bank.

The major inflation news — the consumer price index for April — is scheduled to be released on the morning of the meeting. Economists are expecting the index to show a rise of about 0.2 percent, compared with a decline of 0.1 percent in March.

"The CPI will make all the difference," said Dan Seto, economist at Nikko Securities Co. International. "The Fed has eased interest rates but long-term rates have not budged."

Mr. Seto said this indicated that there still are some concerns about inflation among investors.

On Friday, the Treasury's new 8¼ percent, 30-year bonds ended down 1 8/32 at 97 30/32 to yield 8.31 percent, compared with Thursday's auction at an average of 8.21 percent.

The yield on the Treasury's old long bonds, the 7¼ percent issue maturing in February 2021, soared to 8.34 percent Friday from 8.21 percent the day before and 8.22 percent a week ago.

Dealers said they wanted to cut their inventory before the weekend, given the less-than-enthusiastic bidding at the auction on Thursday.

The price-shaving turned to price-slashing late in the session on a rumor that California had ordered the liquidation of the large bond portfolio of First Capital Life Insurance Co.

State officials said later that options being discussed with outside directors of First Capital Holdings, the insurer's parent, included the reduction of the junk bond portfolio. *(Reuters, NYT)*

EC: *Interim Steps Unlikely to Appease Non-Members*

(Continued from first finance page)

seek in EC decision-making en route to the Community's post-1992 single market.

Foreign ministers from the 18 countries and Liechtenstein meet Monday in a session described by an EFTA negotiator as "very critical to whether the talks succeed or fail."

The European Economic Area was first proposed early in 1989 by the president of the EC Commission, Jacques Delors, as part of his concept of "concentric circles" — including the EC, the EFTA countries and Eastern Europe — which was designed to put some order into the waiting list for EC membership.

At that sensitive stage in the Community's single-market integration, Mr. Delors insisted that the EC must not be sidetracked by membership applications from individual EFTA nations.

If the EC-EFTA talks collapse, officials on both sides predict just what Mr. Delors sought to avoid: a flood of applications from EFTA countries.

No one disputes that countries like Austria and Sweden, with high standards of living and economic systems akin to the EC's, are prime candidates for Community membership. Yet despite the economic woes in Eastern Europe, the former Warsaw Pact countries are the clear sentimental favorites in many EC quarters, especially after recent Brussels visits by President Lech Walesa of Poland and President Vaclav Havel of Czechoslovakia.

"There is not so much love involved in the EEA talks," said a Commission official. "If you talk to Sweden or Norway about the EEA, it's basically a business arrangement. But when we speak to Havel, it's different: Sure they need money, so they say they are in love with us, but first what they are looking for are signs that we love them."

Yet the East European countries have characterized the sort of association agreements offered up to now by the EC as inadequate.

The Community has yet to find that special something, short of full membership, for dissuading the rest of Europe from preparing their applications.

EUROBONDS: *Retail Returns*

(Continued from first finance page)

the fixed price re-offering system whereby a smaller number of banks were invited to place paper and agreed to sell bonds only at the fixed price until the lead manager declared the issue free to trade.

Big buyers were no longer able to haggle with the banks over the price. Barring unfavorable market surprises, underwriters were confident of retaining their fees.

But the fixed re-offering price is effective only when distributing paper to institutional investors and when the new issue is realistically priced.

This year's upsurge in business and return to profitability appear to be encouraging underwriters to resume old habits of trying to increase market share by underquoting competitors and pricing new deals at levels that cannot be sold at the stated re-offering price.

The fixed-price re-offering system is also ill-suited to retail-targeted issues: Underwriting syndicates are larger, with 20 or more banks participating, and more difficult to police; in addition, it can take a week or longer to distribute paper.

If market rates remain stable, the fixed re-offered price could be held. But market rates can move. And even if not, the fear of such a move could lead underwriters to unload the risk by cheating on the price.

DOLLAR: *Narrow Range Is Seen*

(Continued from first finance page)

clash between the Fed and the administration.

Another rate cut signaling further delay in recovery could undermine the dollar, analysts agree.

But they also agree that for the Deutsche mark to rebound, the foreign-exchange market would need some justification to shed its gloom about that currency.

The stated reasons for the loss of confidence in the mark, Mr. Lipsky said, do not make sense. "The mess in Eastern Germany and its fiscal implications are not new news."

"What is new is the policy conflict, the sense that policy makers are overwhelmed by the problems," Mr. Lipsky said. "Part of that problem is the dispute about restructuring of the Bundesbank" — whether the five new eastern states, which are presumed to favor cheap money and high growth, each get represented on the central bank's policy-making council.

As for the dollar-yen relation, Mr. Crane noted that the Bank of Japan is widely expected to cut its rates within two months and "the cut is largely in the market" — already reflected in exchange rates.

"What's not in the market," he said, "is if Japan does not cut and keeps rates firm."

But none of these issues are likely to be clarified soon, leaving currency rates stuck in their present trading range. — CARL GEWIRTZ

BUSINESS BRIEFS

U.S. Executives Got Nearly $1 Billion

NEW YORK (AP) — The nation's top 25 corporate leaders made nearly $1 billion combined in the last five years, a new survey shows.

Steve Ross of Time Warner Co. led the Forbes magazine list with $137 million in salary, bonus and stock gains from 1986 to 1990. Charles Lazarus of Toys 'R' Us Inc. was second, with total compensation of $91.6 million. Michael Eisner, Walt Disney Co., was third with $71.1 million.

The figures pale beside the $1.1 billion Michael R. Milken was paid by Drexel Burnham Lambert Inc. from 1984-87 as a junk bond promoter.

Kuwait Airways Plans to Sue Insurers

KUWAIT (Reuters) — Kuwait Airways will sue insurers for failing to cover part of its losses from the Iraqi occupation of Kuwait, the New Dawn newspaper reported Saturday.

Chairman Ahmed Hamad al-Mishari said the airline wants the companies to pay $942 million of a total loss to the airline of $1.6 billion.

IMF to Back Debt Relief for Egypt

CAIRO (Reuters) — The managing director of the International Monetary Fund said on Sunday that the IMF would back Egypt's efforts to persuade Western creditors to cut its $35 billion foreign debt.

Michel Camdessus, after meeting with President Hosni Mubarak, said the IMF would approve an accord on economic changes with Egypt in Washington on Friday, opening the way to fresh credits from the West.

NCR to Introduce Its First Mainframe

NEW YORK (NYT) — Fresh from its merger with AT&T, NCR Corp. was to introduce Monday its first mainframe machine. Its computer line will now stretch from notebooks to its new NCR 3600.

NCR says the machine is designed for "distributed" computing, in which networks of personal computers and more powerful work stations store and retrieve information from centralized database and file systems.

Apple to Unveil Macintosh Software

CUPERTINO, California (AP) — Apple Computer Inc. will unveil new software Monday for its Macintosh computers that the company hopes will improve its fortunes in its battle against popular software from Microsoft Corp.

An operating system is the base layer of software that controls a computer's internal operations. System 7 operating system provides many of the features of Microsoft's Windows software that it was lacking. It also provides some features Windows doesn't have.

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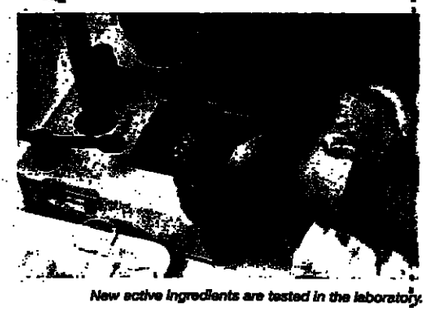
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Our responsibility is to minimise the side-effects.

Bayer

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, May 10.

	Sales in 100s	High	Low	Close	Net Chge
A					
A&W Bd .10e	3	3523	33½	31½	31½ — ½
ABS .32	4.9	779	6½	6½	6½ — ½
ACC Cp .16	1.7	1146	10¼	9¾	9¾ — ¼
ADC		4853	37½	33½	33½ —3
ADT	1	40769	13¾	11¾	13½ +1½
AEL		109	4½	4½	4½ — ½
AEP		334	13½	11½	13½ +2½
ASK		3661	8⅞	7⅝	8 — ⅛
ASTS		29359	29	27½	28¾ +1⅝
AamRst .10	1.2	388	8	7¾	8¼ + ⅛
AbingB		12	5	5	5 — ⅛
Abrams .20	7.8	28	2⅝	2⅝	2⅝ — ⅛
Accel .24	2.7	1043	11½	9	8¾ —1⅛
Acclaim		1213	4	3⅝	3⅝ — ⅛
Accle .28	2.3	24	12¼	11¾	12¼ + ⅛
ACMT		6	12⅝	12⅝	12⅝ — ⅛
Acmtg		42	6⅝	6⅝	6⅝ — ⅛
AcmeSt		122	14	13½	13¾ — ⅛
AdtRtl		2935	1⅞	1⅝	1⅝ — ⅛
Adtran		2764	14	13¾	13¾ — ⅛
AdvCLb		4289	1⅜	1⅜	1⅜ — ⅛
Adenc		419	1¾	1½	1½ — ⅛
Adapt		4881	11⅞	10⅝	11½ + ⅛
Admrts		710	9	8½	8¾ + ⅛
AdvSy .16	.8	34	21¼	20¾	21 — ⅛
AdvesS .32	4.1	1383	8	7¾	7¾ — ⅛
Adec		807	2⅝	2½	2½ — ⅛
AdvPos		94	10	9½	9½ — ⅛
AdvCrs		888	9⅜	9	9 — ⅛
AdvLog		2034	15¾	14½	15 — ⅛
AdvMag		14	25	23	24 —1½
AdvSy		1082	3	3	3 — ⅛
AdvPoly		1928	3⅜	3⅛	3⅜ + ⅛
AdvSem		1922	4	3¾	3¾ — ⅛
AdvTel		2565	23⅜	22¾	23⅛ + ⅛
AdvMag .20	1.0	2907	20	19½	19½ — ½
AdvSy		2248	8⅜	8	8 — ⅛
Aegon .07	2.5	2574	2⅞	2⅝	2⅝ — ⅛
Aero 1.54e	9.4	2527	16⅜	16⅜	16⅜ + ⅛
Aetlen 1.10	7.1	384	15¼	14¾	14¾ — ⅛
Aidus		28	3½	3½	3½ — ⅛
AirTran .16	1.6	3745	17⅜	16	16¼ + ⅛
AlaBid .88	3.4	8186	26¼	25	26 — ⅛
AlaCp .44	3.8	102	12¼	11½	11½ — ⅛
AlaskP		1640	24⅜	22½	22½ —1⅛
Alcto .16	.7	242	22	21½	21½ — ⅛
AlgnSys		98	1⅜	1⅜	1⅜ — ⅛
AlegW		102	5⅜	5⅛	5⅛ — ⅛
AlinDrg .40a	1.1	2238	38	36½	36½ — ⅛
AlianPh		3017	12½	11½	11⅝ — ⅛
Alcnfn		1285	1⅞	1¾	1¾ — ⅛
AlldBP .32	5.2	6	6	6	6 — ⅛
AlldCap 1.76e	7.8	815	17	16½	16½ — ⅛
AlldCpl 1.00e	5.7	1041	17½	16¾	17½ + ⅛
AlldCl		1440	21½	19	20⅜ + ⅛
AlldGn .56	3.2	56	18	17½	17½ — ⅛
AlldPrp		2119	11½	10⅜	11¼ + ⅛
AlpCbl		268	5	4¾	4¾ — ⅛
AlkFn		1178	8⅝	8	8⅜ + ⅛
Alwstl		4143	5¼	5⅛	5⅛ — ⅛
AlphRe .32	2.7	127	12½	11½	12 — ⅛
AlphMic		263	7⅜	7	7⅛ + ⅛
Alpnart		884	2⅞	2¾	2¾ — ⅛
AltaGld .06e	4.6	1845	13	12½	12⅝ — ⅛
AltaHlt		5530	14¼	13¼	13¼ — ⅛
Altai		564	3	2¾	2¾ — ⅛
Altera		3816	16½	15¼	16¼ + ⅛
Altron		174	5	4⅝	5 + ⅛
Amwstl		3925	3	2⅞	2⅞ — ⅛
AmAmFP .50	4.8	206	13½	11⅜	12½ + ⅛
Amrion .56	9.2	417	16¾	10½	10⅝ — ⅛
Amertec		14	2⅝	2⅝	2⅝ — ⅛
AMFAM12 2.70e	30.5	650	9	8⅞	8⅞ — ⅛
AMFF .56	7.9	486	19	18½	19 + ⅛
AmFPr 1.30	11.2	604	11½	11½	11½ — ⅛
AFTsLe 1.00	11.4	990	9½	8¾	8¾ — ⅛
AFTsLE2 1.28	13.1	466	9¾	9	9¾
AmHrl		2557	7⅛	6½	6¾ — ⅛
AmBco 1.80e	5.0	21	23	22½	23 — ⅛
ABnkr .60	4.1	6534	15½	13¾	14⅝ + ⅛
AmCity		305	17¾	17½	17¾ + ⅛
AmCon .44	4.6	151	9½	9½	9½ — ⅛
ACorsu		28	3⅝	3½	3½ — ⅛
AmEcol		2481	13½	11	12⅜ +1⅛
AFavDu		68	5⅝	5⅜	5⅜ — ⅛
AmFilm		4028	5½	4¾	5⅛ + ⅛
AFilm .90	4.4	4220	20½	20¼	20¼ —2
AGreet .70	1.9	6872	38⅜	36⅜	37½ — ⅛
AHlSv		1960	8	7¾	7¾ — ⅛
AindR .08	1.2	7	6½	6½	6½ — ⅛
AmIntg		1851	4⅞	4½	4½ + ⅛
AmLck		10	23	23	23 —1½
AMS		948	28	26¾	27½ — ⅛
AMedE		3529	15¾	14¾	15¼ — ⅛
AMfHm 1.72	4.9	730	35¾	34½	35 +1
ANuclC		331	2½	1⅞	2
AmNurs		225	1¾	1½	1½ — ⅛
AmPac		2251	13⅜	12¾	12¾ + ⅛
AmPG		1478	21⅜	19½	21¼ + ⅛
APwCs		3618	20⅜	18¾	19½ — ⅛
AReaBc		53	5¾	5¾	5¾ — ⅛
AmRice		200	11	11	11
ASoft s .24	2.2	11629	11¾	10¾	10⅞ — ⅛
AmSH 3.25e	42.5	663	2	1⅞	2 — ⅛
ATvCm		2301	45¾	43½	44 —1½
ATravs		1674	13	12¼	12¾ — ⅛
AVang		2	7	7	7 +⅛
AWood		12	3½	3½	3½ — ⅛
AmAll .21e	4.9	343	4⅜	4⅛	4¼ + ⅛
Amerlir .64	4.3	8917	15½	14¾	14¾ — ⅛
Amgen s		23923	33	32	32⅝ —⅛
Amistar		3	1	1	1 — ⅛
AmskBk		176	7	6¾	6¾ — ⅛
Amskg		23	11¼	10½	10½ — ⅛
Amsion		45	15½	15	15¼ — ⅛
B					
BH Bulk .84	4.2	1091	20½	19¾	20 — ⅛
BBEL s .08	.9	275	9	8⅝	8⅝ — ⅛
BEI El .08	.9	275	9	8⅝	8⅝ — ⅛
BEI		44	4⅝	4½	4½ — ⅛
BF Ent		12	2⅜	2⅜	2⅜ — ⅛
BGS .60a	2.3	51	27½	26	26 — ⅛
BHA		316	15¼	14	15¼ + ⅛
BHA B		79	14⅜	13½	14¼ + ⅛
BI Inc		5926	10⅜	8¾	10¼ + ⅛
BMA	1.20a	5.4	1339	22	21¾ — ⅛
BMC Sft		4806	41	37¾	38¾ —2⅛
BMJ .40	5.1	133	8	7	7⅞ + ⅛
BNH		167	3¾	3½	3¾ + ⅛
BSB Bcp .72	4.7	1111	15⅜	14¾	15⅜ + ⅛
BT Fin .88	5.9	2315	15	14⅞	15 + ⅛
BT Shp .50e	5.4	605	9½	9	9¼ + ⅛
BTR .08	3.0	2	2¾	2¾	2¾ — ⅛
BTU Int		43	2½	2½	2½ — ⅛
Babaue		949	11½	10⅝	11¼ + ⅛
BadgrP .68a	3.2	91	25	21	21 —3
Bailey		47	1⅞	1⅝	1⅝ — ⅛
BkHg wt		4325	1⅛	⅞	1 — ⅛
Baldwin .84	.7	3428	8¾	7¾	8⅛ — ⅛
Baldhm s		144	8¼	7¾	7¾ + ⅛
BldLyB .20e	1.3	60	23¼	22½	23 — ⅛
BaldPla		4135	8¼	7½	8 — ⅛
Ballard s .07	.2	1870	40	37½	39 +1
Baltek .15	2.6	135	5½	5	5⅜ + ⅛
BanPn s .80	4.3	1832	19	18⅝	18⅞ + ⅛
BcOne pfC		2350	54⅜	53½	54⅛ + ⅛
BcMiss .92	4.0	733	23½	22½	23 — ⅛
BcpNJ .48	5.3	2	9	9	9
Banctec		1007	13¾	12¾	13½ + ⅛
BandoM .88	9.8	120	9⅜	8⅞	9 — ⅛
BangH .12	7.6	1335	1⅝	1½	1⅝ — ⅛
BkSou .52	7.4	1577	7¼	7	7⅛ — ⅛
BkGran .44	2.1	30	22	20½	20½ — ⅛
BnkNH		221	7½	6¾	7⅛ — ⅛
BkSPed		21	6⅞	6¾	6¾ — ⅛
BankAtl		7	1¾	1¾	1¾ — ⅛
BkWorc		2241	7	6¾	6¾ — ⅛
vlBkes		321			
Bankers .52	3.5	2323	15¾	15	15 — ⅛
BkNPSB		344	6½	6⅛	6⅛ — ⅛
BkrNte		554	1⅝	1½	1⅝ — ⅛
Bkmth		340	11	10½	10¾ + ⅛
BkMAm		224	10⅜	9¾	10⅛ + ⅛
Banta .56	2.1	1928	27	26¼	26½ —⅜
Banyan		652	1½	1½	1½ — ⅛
Bany If		292			
Banyn III		1703	4¾	4⅜	4⅜ — ⅛
Bany SI .51e	15.1	1226	3⅜	3¼	3¼ — ⅛
BarreRs		119	5½	5¼	5¼ + ⅛
BaryJw		145	5	4¾	4¾ — ⅛
BaTnA		664	2⅝	2½	2½ — ⅛
BasAm		1128	2¾	2½	2½ — ⅛
BasPrt		1618	15¾	15	15¼ — ⅛
BsetF 1.00a	2.6	338	39½	38½	38½ — ⅛
BayVw .60	3.0	883	20¼	19½	19¾ — ⅛
BayBks		4020	18	15¾	16⅜ — ⅛
BayNet		930	3¾	3⅜	3⅜ — ⅛
BEAVrion		4780	14½	13¼	14 — ⅛
BeauCll .28	1.2	486	23½	22½	22¾ — ⅛
Beebas		133	8¼	8¼	8¼ — ⅛
BelFuse		338	4⅜	3⅞	3⅞ — ⅛
vlBellW s		208	½	½	½
Belmkt		14	⅛	⅛	⅛
BenJer		852	20	18¾	19⅜ + ⅛
Benhan		27	1⅝	1½	1½ + ⅛
BnfGG s		2633	13½	12¾	13 — ⅛
BerkLey s		2635	32¼	29¾	30 — ⅛
BerkGs 1.28	8.2	38	16½	15⅝	15½ — ⅛
BertLb s 1.08	2.0	1370	54¾	53	54¼ + ⅛
Bio B		722	13	12¾	12¾ — ⅛
BioOTr		583	1	⅞	1 + ⅛
Biodiv .06e	.3	4468	18½	17	17⅜ + ⅛
BioLog		1476	11½	9¼	10 — ⅛
Biogen		22266	29¾	27½	28⅜ + ⅛
Biosn wt		67	17½	15½	17 +1
Biosn pf 2.12	4.3	164	49¾	45¼	47¼ +2¾
BiraDy		2167	6¾	6	6¼ +2⅜
Biomet s		6315	29½	27¼	28¾ — ⅛
Bioteks		3699	19½	16½	17¾ +⅛
Biosph		539	9¾	8¼	9 + ⅛
BioTrol .25e	2.0	1723	13¼	12¾	12¾ — ⅛
BirdCo		4577	6¾	6½	6⅝ — ⅛
BirdMd		457	6¾	6½	6⅝ + ⅛
Birtchr		9510	11	9¾	10 — ⅛
BizMrl		49373	15⅞	11⅜	14½ +3¾
BlackH .35e	4.2	1841	9¼	8½	9¼ — ⅛
Blou		21	2	1¾	2 — ⅛
BlisLau		11	4½	3½	4¼ — ⅛
BlockDr		4135	3¾	3½	3⅝ — ⅛
BlckB .80b	1.4	363	57½	52½	56½ +2
BRdg un		10	6½	6½	6½ — ⅛
Boston 2.12	6.3	3462	41½	39¾	39¾ —1½
BobEvn .36	1.5	1984	18½	17½	17¾ — ⅛
Bohemia		1439	16¾	16	16 — ⅛
BonyIP		2527	3¾	3½	3½ — ⅛
BooteB		631	13½	12½	12½ + ⅛
BoonEl		19	2¾	2½	2½ — ⅛
Borgal .35e	6.1	18	5¾	5¾	5¾ — ⅛
Borlnd		2981	13¾	12¾	13¼ + ⅛
BossAc .28	.9	449	32	28½	31⅜ +3⅜
BostBc .60	3.2	242	18¾	18	18¾ + ⅛
BshDig		9	2¾	2¾	2¾ — ⅛
BshEng		586	5¼	4⅝	4⅝ — ⅛
BostTc		3623	4⅜	4⅛	4⅛ — ⅛
BtwDsC		70	13½	12¾	12¾ — ⅛
BrodyW .48	1.3	870	36½	34½	36 +1½
Brolnd .36	9.0	2	4	4	4 — ⅛
Braids		17	1½	1	1 — ⅛
Brond s		1536	18¾	18¾	18¾ + ⅛
Brondrs .24	2.8	111	9½	8½	8½ —1⅛
BrnldSv		102	1¾	1½	1½ — ⅛
Brkwd g		710	⅞	⅞	⅞ — ⅛
Brenco .20	2.9	972	7¼	7	7 — ⅛
Brendle		119	4	3	3 — ⅛
BridgFs .16	.9	4	18¾	18¾	18¾ —1⅛
Brite		1	16	15¾	15¾ — ⅛
BroadN .58e	7.7	39	8	7½	7½ — ⅛
Bdcstlns		749	12	11¼	11¾ + ⅛
BdwyFn		363	3¾	3½	3½ — ⅛
Brkbrae		6423	17¾	15¾	17 +1¼
Brumm		1022	4¾	4½	4½ — ⅛
Brunos .18	1.0	26958	20¾	17½	17¾ —3¼
BrynMw .36	3.0	821	12	11½	12 — ⅛
Buffet		9785	14¾	13¼	13¾ — ⅛
Bullet		1637	7¾	7½	7½ — ⅛
BullRGd		597			
BurnaS		1023	8¾	7¾	8⅛ — ⅛
BurrBr		593	4¾	4½	4½ — ⅛
BursnRc		75	15½	15	15
ButtrMt		36	17½	16¾	16¾ — ⅛
Bytex		2748	15	13¾	13⅝ + ⅛
C					
CB Ts .48	4.9	150	10¼	9¾	9¾ — ⅛
CCA		2599	1		
CCB s 1.52	4.7	88	34¾	32½	32½ — 1
CCNB .50	4.9	459	16½	15½	16¼ + ⅛
CCOR		501	7	6¾	6¾ — ⅛
CEM s		247	10	9½	9½ — ⅛
vlCFI St		56			
CFS .15e	2.3	322	6¾	6½	6½ — ⅛
CFSB Bc .08e	.7	11	11	11	11 — ⅛
CIS Tch		2584	5¾	5½	5¾ + ⅛
CK FSv .40	3.9	46	12	10½	10¾ — ⅛
CMS DI		186	4¾	4½	4¾ — ⅛
CPB .80b	4.3	20	19	18½	18½ — ⅛
CPAC .24	3.8	235	6⅜	6¼	6⅜ — ⅛
CPB .44	2.8	69	22½	21½	22½ +2⅛
CPC Rx		295	1¾	1½	1⅝ — ⅛
CSF Cnd		15	8	8	8 — ⅛
CSF Hld		15	8	8	8 — ⅛
CSP		835	6¾	6	6 — ⅛
CTEC		2361	16	15	15 — ⅛
CTEC Bc .30	3.4	1527	9¼	8¾	8¾ — ⅛
CabalMA		7311	17½	15¼	15½ —1⅝
Cache		286	14¾	14½	14½ — ⅛
CACI		1048	2¾	2½	2½ — ⅛
CAEsys 2.45e	3.8	1868	64½	62½	64¼ + ⅛
Cadelin		1868	2½	2¾	2¾ — ⅛
Cadmus .20	2.6	1536	7¾	7½	7¾ — ⅛
Caere		3419	21½	20	20½ — ⅛
CalGenA		1439	15¾	15	15¾ — ⅛
CalGens		11116	6¼	5¾	6 — ⅛
Calg pf 2.25	9.4	255	24	22	24
Calgon .32	.6	6172	54	51	53 — ⅛
CalAmp		1327	13½	12¾	13¼ + ⅛
CalBio		1067	14¾	13¾	13¾ — ⅛
CalFncl .40	4.2	32	9¾	9	9½ — ⅛
CalMD		1369	34¼	29½	29½ — ⅛
CalMic		11317	17¾	14	14 —3⅛
CalSBk		1242	6¾	6¾	6¾ — ⅛
Calton 1.80	4.3	129	39¾	37½	37½ — ⅛
Calton .37e	25.7	231	1¾	1¾	1¾
Cambrx s		3357	13	11¼	11¾ + ⅛
Cambio		7536	5¼	4¾	5 — ⅛
Cambr		1823	6¾	6½	6½ — ⅛
CamEx .27e	4.3	276	11¼	10¼	10¾ — ⅛
Canon .36e	.6	323	58¾	57⅜	58¼ + ⅛
Canonie		1017	9¾	8½	8½ — ⅛
CanPcf		2041	5	4¾	4¾ — ⅛
CBT 1.00	5.6	84	18	16½	18 + ⅛
CapAsc .30e	2.4	412	½	½	½ — ⅛
CapSw		1213	21¼	21¼	21¼ — ⅛
CapitBc		130	5¾	4¾	4¾ — ⅛
CapTrs .20	.8	145	24½	22	24¼ +2¼
CrdnlDs .08	.2	5254	36¼	35½	36¼ + ⅛
CardFn .30	3.3	3	9	9	9 — ⅛
CargSy		1104	7¾	7¼	7¼ — ⅛
CarGlw wt		16	4¾	4¾	4¾ — ⅛
CarlCm .61e	4.0	1851	15¾	15	15¼ — ⅛
Carmlk		1618	15¾	15	15¼ — ⅛
CarolFn .28	3.0	30	9¾	9¾	9¾ — ⅛
Carlngtn		2472	11¾	9¾	10½ — ⅛
Carver		930	3¾	3⅜	3⅜ — ⅛
Cascde .60a	2.9	825	20¾	19¾	20¼ + ⅛
Casclnt		2893	9¾	7¾	8¾ — ⅛
Caseys .10	1.0	2202	10	9¾	9¾ — ⅛
CastlEn		960	6	4¾	5½ — ⅛
CathSm		194	19¾	18½	19¾ + ⅛
CathCo		4075	4¾	4¼	4 — ⅛
CathGr		559	19¾	18	19⅜ + ⅛
CatrG wt		6	⅛	⅛	⅛
Cetgene		2016	11½	9¾	10 — ⅛
CellTch		2024	1¾	1⅝	1½ + ⅛
CellTc wt		16	⅛	⅛	⅛
CellCm .76	1.34	33	13½	13¼	13½ — ⅛
Celrin		2063	15½	13¾	14⅜ — ⅛
Celtrx		273	12	10½	11½ — ⅛
Cencor s		1317		99½	99½ — ⅛
CentBc	1	116	6¼	5¾	5¾ — ⅛
CirBnk		1476	11½	9¼	10 — ⅛
Centrpk		387	3¾	3½	3¾ + ⅛
CentxT1		6882	34¾	33¼	33¼ —1⅛
Centcor		19483	66¾	62	65¾ —1⅛
CnSBn .88	3.8	2265	24	21¼	23½ + ⅛
CirCDs		287	4	3¾	3¾ — ⅛
CFidBk 1.52	4.4	2550	34¾	33	34½
CirHld		95	1½	1	1 — ⅛
CiergBc .75	5.6	265	13½	12¾	13½
CinBcp .36	4.2	1721	9¾	8¾	8¾ — ⅛
CIPoFin .44	4.7	24	12¾	11½	11½ — ⅛
CirRsLte .32	8.1	229	5¾	5½	5¾ + ⅛
CinSem		96	12¾	11½	11½ +⅜
Circon		1841	9¾	8¾	9¼ — ⅛
CitryBc .10	5.0	3	2	2	2
Citrys .16e	2.4	20	6¾	5¾	6¼ + ⅛
Cmnwsl		110	3¾		
Cerbco		227	3	2¾	2¾ — ⅛
Cerner		1267	13¾	12¾	13¼ + ⅛
Cohus		19469	15¾	13¾	14¾ — ⅛
Chalone		1126	9¼	8½	9¼ + ⅛
ChmpPr		83	4	3¾	3¾ — ⅛
Chanlin		887	4½	3¾	3¾ — ⅛
ChrnSh .12	.7	11997	16¾	16¼	16¼ — ⅛
ChiFSB .60	4.2	88	14¾	13¾	14¼ + ⅛
ChiOnR .44	4.8	1042	19¼	16¾	16¾ —2⅛
ChmSh .44	1.8	2036	35	36	36 +1¼
ChkTch		1249	16	15¾	15¾ — ⅛
ChkPt		1564	9¼	8¾	9 — ⅛
ChmDsg		2440	9	8½	8½ — ⅛
Chemtx		833	5¾	4¾	5¼ + ⅛
ChrmSh		2098	26½	23¾	24½ +1⅛
ChrmFn 1.04	3.3	16	32½	30¾	32 — ⅛
Chmswr		1747	4	3¾	3¾ — ⅛
ChryCo .84	7.3	1186	12¾	11½	11½ — ⅛
ChesUn .28	3.2	9	9½	8½	8½ — ⅛
ChestrV .31e	3.2	9	9½	9½	9½ — ⅛
ChldWld		806	1¾	1½	1½ — ⅛
ChldDis		209	1¾	1½	1½ — ⅛
Chlocom		6128	16½	14¼	15½ +1⅛
ChipsTc		1448	5¾	5¼	5¼ — ⅛
Chiron		10213	57½	54	55¾ — ⅛
Chlnnd		73	9	8½	8½ — ⅛
Cimco		741	19¼	18¾	19¼ + ⅛
Cimflex		5139	9	8¼	8¾ — ⅛
CinnBel 2.72	2.4	7221	116	106	113½ +7⅜
CinMic		835	1⅛	⅞	1 — ⅛
Cintas s .20e	8.0	2295	43¾	41½	42¾ — ⅛
CircFa		283	4¾	4½	4¾ + ⅛
Circinc 1.14a	9.4	92	12½	11¾	12⅛ — ⅛
Circon		740	15	14¾	14¾ — ⅛
Cirrus		447	15¾	14¾	15¼ — ⅛
Cisco s		44993	33½	29¾	30½ — ⅛
CitzBco 1.88	6.1	177	16½	15¾	17⅛ — ⅛
CitzUtA 1.52	5.2	1258	3¼	3	3⅛ — ⅛
CitzUtB		1450	28	27½	27½ — ⅛
CitzUtB		8857	27¼	26¾	26¾ — ⅛
Clarins		1555	11⅜	10¾	11 — ⅛
ClayHld .48	3.5	53	14½	13½	13¾ — ⅛
ClayRsg		14	¾		
ClvlcBc .84	2.6	40	33	32½	31½ — ⅛
ClevalH		1421	12¾	12¼	12½ — ⅛
ClevtRl		14	29¾	29¼	29¼ — ⅛
ClifDr		38	9¾	9¾	9¾ — ⅛
CliffNt pf 2.31	10.7	22	21½	21½	21½ — ⅛
ClinDI		74	2⅜	2⅜	2⅜ — ⅛
ClinNs		7	2¼	2	2 — ⅛
Cloth		10089	5¾	4¾	5 — ⅛
CoastBk		156	10¼	9¾	10¼ + ⅛
CoCom		1308	3¾	2	2¼ + ⅛
CoCo wt		20			
Cocoln .88	3.8	178	24	23	23½ — ⅛
CodeAl		2725	2¾	2⅝	2⅝ — ⅛
CodeAl		170	2¾	2½	2½ — ⅛
Codenol		45	3¾	3½	3½ — ⅛
Cognex		1886	46½	44½	44½ — ⅛
Cognos g		3078	18⅜	16¾	17 — ⅛
Coherent		1210	4¾	4¼	4¼ + ⅛
Cohernt .24	6.0	3675	15¾	14¾	15 — ⅛
CohoRs		160	7¾	7	7¼ + ⅛
Colnbk .10	5.0	1607	2	1¾	1¾ — ⅛
Colnsv .16e	2.4	20	6¾	5¾	6¼ + ⅛
Colbco .24	2.0	435	12	11¾	11¾
ColgeBd .44	6.8	1279	6½	6¼	6½ + ⅛
CBCap A .44	6.8	126	7¾	6¾	6¾ — ⅛
ColFd .24	2.1	2731	34½	31½	32¾ — ⅛
ClnGas 1.80	7.5	152	24	23½	24
ColmSp .48	2.9	188	14	13¾	14
ColoNt .16	1.0	917	17¾	16¾	16¾ — ⅛
ColSCs		857	2	1¾	1¾ — ⅛
ColFsd		10	7¾	7¼	7¼ — ⅛
ColHsp s		1704	17

WORLD STOCKS IN REVIEW

Agence France-Presse

Amsterdam

Amsterdam stocks drifted, with many traders absent because of holidays. The all-share index closed at 202.8, off slightly from 203.3 the previous Friday.

Company forecasts resulting in downward adjustments in profit figures and some takeover attempts kept the market from falling asleep, dealers said.

The week's turnover was only 5.71 billion guilders, down from 6.1 billion the previous week.

Frankfurt

The Frankfurt stock market went into reverse, and prices fell back to their level of late April.

The DAX spot trend indicator ended the week at 1,620.63 points, down 11.21 points or 0.69 percent, while the Commerzbank indicator slipped by 14.40 to 1,948.90.

Volume on the eight German exchanges for the four-day trading week was only 17.18 billion Deutsche marks, against 22.80 billion DM.

Hong Kong

The Hong Kong market logged a week of dull trading, with the Hang Seng Index rising a 0.3 percent, or 12.32 points, to 3,750.20.

Dealers said trading appeared unaffected by an ethics scandal involving the bourse's management.

Average daily turnover declined to 1.2 billion Hong Kong dollars from 1.48 billion the previous week.

London

A belief that a further cut in British interest rates is just around the corner helped the London market to end slightly higher in thin trading.

But dealers indicated that, in a week in which turnover was slashed because of holidays throughout Europe, the absence of genuine buying made gains vulnerable to the profit-taking that emerged on Friday.

The Financial Times-Stock Exchange 100 share index finished the week at 2,524.3, up just 1.6 points. The FT-30 index gained 0.6 points to 1,974.5.

Milan

The Milan market suffered a moderate loss, with only one winning session, as the MIB stock price index finished at 1,124 — down 1.58 percent for the week.

Volume remained on the low side, with an average of 130 billion lire worth of shares changing hands daily, down from 135 billion the previous week.

Paris

The Paris Bourse scratched out a small 1 percent gain in a three-day trading week. The CAC-40 stock price index closed at 1,850.27.

Holidays on Wednesday and Thursday meant that most traders were gone most of the week, and the market drifted, analysts said.

Singapore

Lack of new leads from overseas kept trading lethargic on the Singapore stock market.

The Straits Times industrial index tumbled 13.63 points to 1,532.32 while the Stock Exchange of Singapore all-share index lost 2.96 points to 413.82.

Tokyo

Share prices fell in very thin and directionless trading on the Tokyo Stock Exchange. Institutional investors kept away from the market in the absence of fresh incentives.

The Nikkei Stock Average of 225 selected issues finished the holiday-shortened week at 26,274.29 points, a drop of 203.57 or 0.77 percent.

The Tokyo Stock Price Index of all stocks on the market's first section shed 10.34 points to end at 1,991.15.

Zurich

Zurich stocks rose 0.3 percent, with the Swiss Performance Index gaining to 1,085 from 1,082.4 a week earlier. The Credit Suisse indicator finished at 545.5 against 551.4, and the Swiss Bank Corp. index was at 618.3 against 618.7.

Drexel Survives, Barely, in Proposal

Compiled by Our Staff From Dispatches

WASHINGTON — The Federal Deposit Insurance Corp. and the Resolution Trust Corp. said they anticipate receiving several hundred million dollars under the proposed bankruptcy settlement filed by Drexel Burnham Lambert Group Inc. in New York.

The two federal agencies said the proposed settlement would pool certain claims of the FDIC and RTC with those of others who have filed against Michael R. Milken, Drexel's "junk bond king," and other defendants.

Drexel, once a Wall Street powerhouse with a staff of 10,000 handling billions of dollars, would emerge from bankruptcy as a tiny company temporarily called Newco with just 20 employees.

Under the plan, filed Friday with U.S. District Judge Milton Pollack and Bankruptcy Judge Frances Conrad, Newco at first would manage its own assets and then stay in the investment advisory business, focusing on financially troubled companies.

If the settlement is accepted, about $2.1 billion would be distributed to the thousands of creditors and other claimants of the firm, which has assets of about $2.48 billion.

A previous plan received the approval of all but one of the creditor and equity committees last month. The new plan cannot take effect unless all the committees approve it. If approved, it could be confirmed by the court by the end of 1991. *(Reuters, NYT)*

FDA to Review Product Claims On Cholesterol

New York Times Service

NEW YORK — Having forced leading food companies to stop using "fresh" to describe orange juice from a factory and pasta sauce from a jar, the Food and Drug Administration next plans to focus on products with labels claiming low or no cholesterol.

The new FDA commissioner, David A. Kessler, says he is especially troubled by products that imply they may prevent heart disease and that use heart symbols or the word heart in their brand name.

He says he is also bothered by labels on plant products, like potato chips, boasting that they are free of cholesterol, which is found in animal fat.

Some claims are "as misleading as using the word fresh when the product clearly isn't," Mr. Kessler said, noting that no-cholesterol products might have other fats that could lead to high cholesterol and heart illness.

WALL STREET REVIEW

Figures as of close of trading Friday, May 10.

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
AmExp	126052	25⅞	23⅝	23⅝	−1⅜
BlockE s	120724	10½	8⅝	9	−1½
RJR Nb n	108671	11⅝	10⅝	11⅜	+ ¼
OcciPet	100854	21⅝	18¼	21	+2½
AT&T	82140	37¼	35⅝	35⅞	−1¼
GTE s	74535	31	29	29⅜	−1⅜
ConEd	72162	25⅛	23⅝	23⅝	− ⅛
WstgE s	70828	28	26½	26⅞	− ⅝
PhilMr	68356	69¼	67⅛	67½	−1⅝
PepsiC s	67856	32½	31¼	31⅜	− ⅛
Boeing s	66827	48⅞	46⅝	47	+ ⅜
IBM	66447	106	101⅞	103⅞	+1
Exxon	64951	59⅝	57¼	57⅞	− ⅝
WalMrt s	63435	42⅛	39⅝	40	−1⅝
Duracl n	63094	21⅛	20½	21	− ¼
TexUtil	59854	37⅛	36⅝	36⅞	− ⅜
Alcan	53860	21	20¼	20⅝	− ⅜
duPont	51591	44	41⅝	42	− ¼
CMS Ene	50137	28⅞	23⅞	24⅞	−4⅛
HewlPk	49860	49⅞	44⅝	48¼	+2
NHltLab	49475	20½	17⅞	19⅝	+1⅛
FordM	49251	34⅝	32	32⅝	−1⅝
GenEl	49219	74½	71⅛	71¼	−1⅝
GnMotr	48769	38⅝	36¼	37¼	− ¼
SchrPl	48334	53⅛	50	51⅝	+1⅝

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
DowC rt	23158	8¾	7	8⅝	+1⅝
A-dd sc s	18484	10	8¼	9⅛	+ ½
FruitL	16956	15¾	14⅞	15⅝	+ ⅞
Amdhl	16900	17	14¾	16⅞	+1⅞
TubMex	13387	9⅞	8⅞	9⅝	+ ½
WangB	13487	3½	2¾	3	− ⅜
AExpl	11130	3½	2⅞	3¼	+ ⅜
Lionel	10487	1⅞	1	1¼	− ⅜
PallCo s	10140	32⅞	30½	31½	+ ¾
GoVide	9314	3	1⅞	1⅞	−1¼
JanBell	9157	11¾	9⅝	10⅝	+1
A-ott2 sc	8715	9¼	8⅝	8¾	− ⅜
ENSCO	8584	2⅞	2⅜	2¾	
BAT In	8299	12⅞	11½	11¾	+ ⅛
CornCr	8006	25¼	23½	24½	− ⅛
EchoBy	7917	8½	7⅞	7⅞	− ⅛
MetMB s	6985	16¼	14⅞	15⅞	+1⅛
Withfrd	6760	5⅞	5⅛	5½	− ⅛
InstSy	6377	3⅛	2¾	2⅞	− ⅛
BergBr	6138	27⅛	26½	26⅞	
FAusPr	5942	10⅛	9⅞	10⅛	+ ⅛
ForstL s	5910	37½	35⅞	36⅞	+ ½
Hillhav	5674	2⅜	2½	2¾	+ ⅛
Telesph	5577	1¾	1⅛	1½	− ⅛
Alza	5531	61	58⅞	59⅞	−1⅛

NYSE Sales

	Sales Vol.
Total for week	791,830,000
Week ago	881,940,000
Year ago	132,760,000
Two years ago	135,130,000
Jan 1 to date	17,044,490,000
1990 to date	14,244,770,000
1989 to date	15,109,870,000

AMEX Sales

	Sales Vol.
Total for week	55,380,000
Week ago	61,610,000
Year ago	11,770,000
Jan 1 to date	1,232,980,000
1990 to date	1,310,710,000

NYSE Diaries

	This Wk	Last Wk
Advanced	991	1164
Declined	946	799
Unchanged	324	285
Total Issues	2261	2248
New Highs	273	340
New Lows	22	27

AMEX Diaries

	This Wk	Last Wk
Advanced	366	380
Declined	424	416
Unchanged	192	190
Total Issues	982	986
New Highs	69	69
New Lows	14	11

Euromarts At a Glance

Eurobond Yields

	May 8	April 30
U.S. $, 8 yrs & over	8.84	8.86
U.S. $, 5 to 7 yrs	8.46	8.46
U.S. $, less than 5 yrs	7.96	7.95
Pounds sterling, less than 5 yrs	11.55	11.77
French francs, less than 5 yrs	9.52	9.49
Ital. lire, less than 5 yrs	11.96	12.24
Danish kroner, less than 5 yrs	9.69	9.79
ECU, 8 yrs & over	9.01	9.05
ECU, 5 to 7 yrs	9.04	9.05
Can. $, less than 5 yrs	10.25	10.25
Aus. $, less than 5 yrs	11.94	12.28
N.Z. $, less than 5 yrs	11.88	12.12
Yen, 5 to 7 yrs	7.10	7.09
Yen, less than 5 yrs	7.30	7.31

Source: Luxembourg Stock Exchange

Weekly Sales

May 9

Primary Market

	Cedel $	Cedel Nos.	Euroclear $	Euroclear Nos.
Straights	188.80	398.60	1,085.40	797.30
Convert.	—	—	—	—
FRNs	—	23.70	—	147.80
ECP	3,391.00	1,510.40	7,499.80	4,189.40
Total	3,579.80	1,932.70	8,585.20	5,134.50

Secondary Market

	Cedel $	Cedel Nos.	Euroclear $	Euroclear Nos.
Straights	[illegible]	[illegible]	[illegible]	[illegible]
Convert.	141.70	522.90	562.10	343.80
FRNs	[illegible]	[illegible]	[illegible]	[illegible]
ECP	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]

Source: Euroclear, Cedel.

Libor Rates

May 10

	1-month	3-month	6-month
U.S. $	5 15/16	6 1/16	6 3/16
Deutsche mark	9	9⅛	9¼
Pound sterling	12	11 9/16	11¼
French franc	9⅛	9 3/16	9¼
ECU	9 15/16	9¾	9 11/16
Yen	8⅛	7⅞	7¾

Sources: Lloyds Bank, Reuters.

U.S. Consumer Rates

May 10

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	7.21 %
Money Market Funds	
Donoghue's 7-Day Average	5.65 %
Bank Money Market Accounts	
Bank Rate Monitor Index	5.25 %
Home Mortgage, FHLB average	9.47 %

Source: New York Times Service, UPI.

For investment information read THE MONEY REPORT every Saturday in the IHT

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, May 10.

(Continued)

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]							

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, May 10.

Option & price	Calls May	Calls Jun	Puts May	Puts Jun
[illegible]				

Total Call Vol 24,079
Call Open Int 1,813,389
Total Put Vol 26,396
Put Open Int 846,359
r—Not traded. s—No option offered. o—Old. Last is premium (purchase price).

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, May 10.

Option & price	Calls May	Calls Jun	Puts May	Puts Jun
[illegible]				

Total Call Vol 297,290
Call Open Int 3,204,596
Total Put Vol 244,459
Put Open Int 1,176,800
r—Not traded. s—No option offered. o—Old. Last is premium (purchase price).

(Continued on next page)

MONDAY SPORTS

Senna Wins in Monte Carlo To Set Mark With 4-0 Start

Compiled by Our Staff From Dispatches

MONTE CARLO — World champion Ayrton Senna of Brazil coasted home Sunday to become the first driver in Formula One history to win the opening four Grand Prix of the season.

Senna, in a McLaren-Honda, led by 40 seconds before easing up to finish 18 seconds ahead of Briton Nigel Mansell in a Williams.

"I won four races and it's great, but so what?" Senna said. "I did it now, but someone else will do it in the future."

The victory was Senna's third straight, and fourth in five years, in the place he has made his European home.

Jean Alesi of France salvaged some pride for the Ferrari team by finishing third, with Roberto Moreno of Brazil fourth in a Benetton.

Alesi's teammate, Alain Prost of France, a four-time winner in Monte Carlo, was fifth after running second for much of the race. A late pit stop did not help him.

Senna's triumph gave him 40 points in the drivers' championship, 29 ahead of Prost, his closest challenger.

Juan Fangio of Argentina, the five-time world champion, started the 1954 season with three victories in a row.

Senna's victory was his 30th on the Grand Prix circuit. Only Prost, with 44, has won more races.

Senna, on the pole for the 56th time in his career, had to go out in a spare car at the start of the race.

Mansell, in a Williams-Renault, took over second with a daring move as he passed Prost coming out of the tunnel on the 63d lap. Prost had to go in for new tires with five laps left and finished just behind Roberto Moreno of Brazil.

Senna's winning time was 1 hour, 53 minutes, 2.334 seconds. He averaged 85.616 miles per hour (138 kilometers per hour) on the twisting, 2.068-mile circuit.

Italy's Stefano Modena, who started alongside Senna in the front row, was in second place for 42 laps. Then the engine of his Tyrell-Honda blew up and the debris took out Riccardo Patrese, who was right behind him.

Prost, who started in seventh and was fourth at the time of the accident, moved to second after Modena and Patrese stopped. But Prost could not hold off Mansell, who passed him with 15 laps to go and slowly moved away.

The only disappointment for the McLaren team was the early retirement of Austrian Gerhard Berger. He appeared to tangle at the start with the Benetton of Brazilian Nelson Piquet.

Berger stopped for a replacement front wing but crashed into the barriers at the swimming pool complex after nine laps. Piquet retired with rear suspension problems. *(Reuters, AP)*

Foyt Comes Back In Indy Front Row

The Associated Press

INDIANAPOLIS — A.J. Foyt, recuperating from the worst injuries of his career, made an impressive comeback as he qualified for his 34th and final start in the Indianapolis 500.

He thrilled a cheering crowd of 250,000, brought tears to his own eyes and was nearly good enough to win the pole position for what Foyt has said will be his farewell race in Indianapolis.

The only driver faster than Foyt was Rick Mears, who extended his record of Indy poles to six. Foyt, at 56 the oldest known driver in Indy history and last a front-row starter in 1982, will start the May 26 race between Mears and Mario Andretti.

Mears averaged 224.113 miles per hour (361 kilometers per hour) in a Penske 91 Chevy. Foyt drove his Chevrolet-powered Lola to an average of 222.443 miles per hour.

"It's been a long, hard fight," said Foyt, who underwent extensive rehabilitation and therapy after sustaining serious foot and leg injuries in a racing crash last September.

Also Saturday, rookie driver Mark Dismore was listed in good condition after almost six hours of surgery for injuries in a crash on Friday. Dismore broke his neck, hurt both feet, his right knee and wrist.

The NHL Gets a Surprise Ending: Penguins Against the North Stars

Compiled by Our Staff From Dispatches

One thing for certain: The 1991 Stanley Cup final will be different. The stunning runs through the playoffs by the Pittsburgh Penguins and the Minnesota North Stars have assured that this will be the first Stanley Cup final between National Hockey League expansion teams and the first in 10 years between U.S.-based clubs.

Mark Recchi scored with 4:20 left as the Penguins rallied from a two-goal deficit to beat the visiting Boston Bruins, 5-3, Saturday and earn their first trip to the Stanley Cup final. The Penguins won the Wales Conference final, 4-2.

In Bloomington, Minnesota, on Friday, the North Stars completed a 4-1 Campbell Conference final victory over the defending NHL champion Edmonton Oilers, 3-2.

Recchi's shot from the right circle dot, off Gord Roberts's pass from the red line, completed Pittsburgh's fourth straight victory. The Penguins, who like the North Stars joined the NHL in 1967, had missed the playoffs for seven times in eight years before this season.

The Penguins were a .500 team for most of the season until Mario Lemieux's return and a late-season trade that brought them Ulf Samuelsson and Ron Francis from Hartford helped them to their first Patrick Division championship.

The Penguins then eliminated New Jersey and Washington and spotted Boston a two-game lead

STANLEY CUP PLAYOFFS

before outscoring the Bruins by 22-7 during four straight victories.

Saturday, Lemieux scored into an empty net at 19:32, for his 11th goal of the playoffs, and set up two earlier goals as the Penguins rallied from a 2-0 deficit.

Roberts not only set up the series-clinching goal, he gave Pittsburgh a 3-2 lead with his first postseason goal at 11:08 by scoring from the slot off Recchi's feed from Lemieux's drop pass.

"I was just following the play and Rech dropped it there and it was like the parting of the Red Sea," said Roberts, who scored only three goals in the season.

North Stars 3, Oilers 2: Minnesota's victory completed an amazing run that came after the team finished the regular season with the 16th-best record in the 21-team league. The North Stars first eliminated the two teams with the best records, Chicago and St. Louis, then beat the defending champions.

For the Oilers, the defeat may have marked the end of an era. After winning the Stanley Cup in five of the previous seven years, they finished the regular season with a .500 record before beating Calgary and Los Angeles in the playoffs.

Those early round triumphs may have been the last flickers of fire. Wayne Gretzky and Jari Kurri are gone and veterans Mark Messier and Kevin Lowe were playing with the nagging injuries that grow more frequent with the years. Goalie Grant Fuhr had a subpar series and European catalysts Esa Tikkanen and Petr Klima seemed to run out of steam against Minnesota.

Bobby Smith scored the winning goal for Minnesota, which lost to the New York Islanders in the 1980-81 Stanley Cup. *(AP, NYT)*

Il Moro III Gets A Jump on Cup

Washington Post Service

SAN DIEGO — Italy's Moro di Venezia III jumped to a commanding lead in the International America's Cup Class World Championship and swept to a 1-minute, second victory, affirming its status as front-runner in this year's quest for the Cup.

With expatriate P. Kayard at the helm on Saturday, the new Il Moro won the start by forcing Rod Davis of New Zealand to tack away before the gun, and Il Moro pushed out to a 42-second lead four miles (6.4 kilometers) up the course at the first turning mark.

Il Moro was firmly ahead two-thirds of the way through the race and never was headed.

New Zealand and Il Moro III were 1-2 in four days of fleet racing for the Cup Class 75-footers (22.86-meter) last week. They won Friday's semifinals, in which Il Moro III routed Il Moro I by 7 minutes, 46.5 seconds and New Zealand beat Nippon by 2:09.4.

SCOREBOARD

BASKETBALL

NBA Playoffs

CONFERENCE SEMIFINALS
(Best-of-Seven)
EASTERN CONFERENCE
Friday's Result
(Chicago leads series, 2-1)

Chicago	36	25	25	21	—97
Philadelphia	26	21	28	24	—99

Chicago: Pippen 9-23 4-4 22, Grant 5-9 0-2 10, Cartwright 4-6 1-2 9, Jordan 20-34 6-9 46, Paxson 1-3 0-0 2, Armstrong 0-2 0-0 0, Perdue 1-3 1-2 3, Hodges 2-6 0-0 5, King 0-0 0-0 0, Levingston 0-0 0-0 0. Totals 42-86 12-19 97.

Philadelphia: Barkley 6-11 7-13 19, Gilliam 8-14 9-10 25, Mahorn 1-4 0-0 2, Green 4-6 1-1 9, Hawkins 7-14 11-12 29, Anderson 2-8 1-2 5, Turner 3-6 2-2 8, Bol 1-1 0-0 2. Totals 32-64 31-40 99.

3-point goals—Chicago 1-5 (Hodges 1-2, Armstrong 0-1, Pippen 0-2), Philadelphia 4-10 (Hawkins 4-6, Barkley 0-2, Turner 0-2). Fouled out—None. Rebounds—Chicago 43 (Pippen 13), Philadelphia 49 (Gilliam 11). Assists—Chicago 25 (Pippen, Jordan 6), Philadelphia 22 (Barkley, Turner 7). Total fouls—Chicago 27, Philadelphia 18. Technicals—Philadelphia illegal defense, Mahorn, Bol. Ejection—Bol.

Saturday's Result
(Boston leads series, 2-1)

Boston	27	27	36	25	—115
Detroit	19	22	21	21	—83

Boston: Bird 4-11 1-3 10, Gamble 3-7 1-2 7, Parish 5-8 3-5 13, Lewis 9-16 3-4 21, Shaw 7-12 4-5 19, McHale 4-9 7-8 16, Brown 6-14 1-2 13, Pinckney 2-2 0-0 4, D. Smith 1-1 0-0 2, Kleine 3-3 0-0 6, M. Smith 1-2 0-0 2, Vrankovic 1-1 0-1 2. Totals 46-86 20-30 115.

Detroit: Rodman 3-5 2-6 8, Edwards 5-14 3-8 13, Laimbeer 6-14 0-0 12, Dumars 2-10 2-2 6, Thomas 3-13 1-4 7, Johnson 5-15 1-2 11, Salley 5-13 2-5 12, Aguirre 3-9 4-5 10, Bedford 0-3 2-4 2, Henderson 1-2 0-0 2, Hastings 0-1 0-0 0. Totals 33-99 17-36 83.

3-point goals—Boston 3-7 (Shaw 1-1, McHale 1-1, Bird 1-3, Brown 0-1, M. Smith 0-1), Detroit 0-7 (Thomas 0-1, Johnson 0-1, Aguirre 0-1, Laimbeer 0-2, Dumars 0-2). Fouled out—None. Rebounds—Boston 58 (Parish 11), Detroit 50 (Rodman, Laimbeer 12). Assists—Boston 28 (McHale, Brown 6), Detroit 17 (Johnson 5). Total fouls—Boston 24, Detroit 22. Technicals—Pinckney, Rodman.

WESTERN CONFERENCE
Friday's Result
(Los Angeles leads series, 2-1)

L.A. Lakers	35	22	24	34	—115
Golden State	24	26	28	34	—112

L.A. Lakers: Perkins 5-10 5-7 15, Worthy 17-26 2-3 36, Divac 1-2 5-7 7, Johnson 2-8 10-10 15, Scott 9-16 4-4 23, Green 3-4 0-0 6, Teagle 5-9 2-2 12, Drew 0-1 0-0 0, Campbell 0-0 1-2 1. Totals 42-76 29-35 115.

Golden State: Elie 2-5 4-6 8, Mullin 4-14 4-5 13, Lister 1-3 1-1 3, Hardaway 10-23 3-3 24, Richmond 10-22 2-2 24, Petersen 4-4 0-0 8, Higgins 3-5 4-4 12, Hill 1-1 0-0 2, Marciulionis 5-11 3-3 13, Tolbert 2-3 1-3 5, Mokeski 0-0 0-0 0. Totals 42-91 22-27 112.

3-point goals—Los Angeles 2-6 (Johnson 1-2, Scott 1-2, Perkins 0-1, Drew 0-1), Golden State 6-15 (Higgins 2-2, Richmond 2-4, Mullin 1-2, Hardaway 1-6). Fouled out—None. Rebounds—Los Angeles 48 (Perkins, Johnson, Green 7), Golden State 46 (Mullin 11). Assists—Los Angeles 28 (Johnson 15), Golden State 23 (Hardaway 12). Total fouls—Los Angeles 27, Golden State 26. Technicals—Golden State illegal defense 2, Los Angeles illegal defense.

Saturday's Result
(Portland leads series, 2-1)

Portland	28	18	19	36	—101
Utah	28	21	28	30	—107

Portland: Kersey 4-15 7-8 15, Williams 3-6 0-0 6, Duckworth 4-14 3-3 11, Drexler 5-17 9-12 19, Porter 10-16 6-6 28, Robinson 1-6 1-4 3, Ainge 6-13 3-4 17, Davis 1-3 0-0 2, Bryant 0-0 0-0 0. Totals 34-90 29-37 101.

Utah: K. Malone 12-27 6-6 30, Edwards 5-13 0-0 10, Eaton 1-5 0-0 2, Stockton 6-11 4-4 18, J. Malone 8-15 9-9 25, Bailey 4-13 3-4 11, M. Brown 0-4 4-6 4, Rudd 3-4 0-0 7. Totals 39-94 26-29 107.

3-point goals—Portland 4-14 (Porter 2-5, Ainge 2-6, Robinson 0-1, Drexler 0-2), Utah 3-6 (Stockton 2-4, Rudd 1-1, K. Malone 0-1). Fouled out—Kersey. Rebounds—Portland 57 (Kersey, Drexler 10), Utah 65 (K. Malone 21). Assists—Portland 18 (Drexler 7), Utah 26 (Stockton 15). Total fouls—Portland 23, Utah 28. Technicals—Utah illegal defense, Kersey.

TENNIS

MEN'S CLAY COURT CHAMPIONSHIPS
In Charlotte, North Carolina
Quarterfinals

Javier Frana, Argentina, def. Pablo Arraya, Peru, 6-4, default; Jimmy Arias (5), U.S., def. Richey Reneberg, U.S., 6-4, 6-2; Jaime Yzaga (7), Peru, def. Michael Chang (1), U.S., 7-6 (7-0), 6-1; MaliVai Washington, U.S., def. David Wheaton (3), U.S., 6-7 (3-7), 6-1, 6-2.

Semifinals

Arias def. Frana, 3-6, 6-3, 7-5; Yzaga def. Washington, 7-5, 6-2.

ITALIAN OPEN
In Rome
Quarterfinals

Conchita Martinez (5), Spain, def. Martina Navratilova (3), U.S., 6-3, 6-4.

Semifinals

Monica Seles (1), Yugoslavia, def. Mary-Joe Fernandez (4), U.S., 7-5, 2-6, 6-4; Gabriela Sabatini (2), Argentina, def. Martinez, 6-1, 6-0.

Final

Sabatini def. Seles, 6-3, 6-2.

GERMAN OPEN
In Hamburg, Germany
Semifinals

Karel Novacek (13), Czechoslovakia, def. Michael Stich (9), Germany, 6-3, 2-6, 7-6 (7-5); Magnus Gustafsson, Sweden, def. Goran Prpic, Yugoslavia, 6-2, 1-6, 7-6 (7-4).

Final

Novacek def. Gustafsson, 6-3, 6-3, 5-7, 0-6, 6-1.

Davis Cup

ASIA-OCEANIA ZONE, GROUP TWO
First Round
Malaysia 4, Saudi Arabia 1

Veramuthu Selvam and Wan Rohman Yusoof, Malaysia, def. Mohamed Badek Maklol and Ali Tawfik Ibrahim, 6-1, 6-2, 6-1; Selvam def. Bader Maklol, 6-4, 6-3, 6-1; Ramaiah Ramachandran def. Tawfik Ibrahim, 6-3, 6-3.

AFRICA ZONE, GROUP TWO
First Round
Ivory Coast 3, Algeria 2

Clement N'Drix N'Goran, Ivory Coast, def. Abdelhak Hameurlaine, 6-1, 6-3, 7-6; Mehdi Benyekba, Algeria, def. Jean-Christophe Nabi, 3-6, 1-6.

BASEBALL

Major League Standings

Through Saturday's Games
AMERICAN LEAGUE
East Division

	W	L	Pct.	GB
Boston	18	9	.667	—
Toronto	18	13	.581	2
Detroit	16	12	.571	2½
Milwaukee	13	15	.464	5½
Cleveland	10	15	.400	7
Baltimore	10	17	.370	8
New York	9	17	.346	8½
West Division				
Oakland	18	10	.643	—
Seattle	16	14	.533	3
Chicago	14	12	.538	3
California	15	14	.517	3½
Minnesota	15	15	.500	4
Texas	11	14	.440	5½
Kansas City	11	17	.393	7

NATIONAL LEAGUE
East Division

	W	L	Pct.	GB
Pittsburgh	19	10	.655	—
New York	16	12	.571	2½
St. Louis	15	14	.517	4
Chicago	15	15	.500	4½
Montreal	14	15	.483	5
Philadelphia	13	17	.433	6½
West Division				
Atlanta	14	12	.538	—
Los Angeles	15	13	.536	—
San Diego	15	15	.500	1
Cincinnati	14	14	.500	1
Houston	12	16	.429	3
San Francisco	10	19	.345	5½

Friday's Line Scores

AMERICAN LEAGUE

California 010 001 406—12 14 0
Cleveland 000 000 020— 2 5 1

Langston, Eichhorn and Parrish, Tingley (9); King, Egloff (7), D. Jones (8), Olin (9) and S. Alomar. W—Langston, 3-1. L—King, 3-3. HR—California, Joyner (3).

Oakland 000 002 100—3 6 0
New York 101 000 30x—5 7 2

Welch, Klink (7), Briscoe (8) and Steinbach; Cary, Habyan (7), Cadaret (8), Farr (9) and Nokes, Geren (9). W—Habyan, 1-1. L—Klink, 1-2. Sv—Farr (2). HRs—Oakland, Steinbach (2). New York, Mattingly (2), Maas (6).

Kansas City 000 200 000—2 4 0
Milwaukee 000 010 000—1 7 1

Saberhagen and Macfarlane; Bosio, August (5), Mk. Lee (9) and Surhoff. W—Saberhagen, 3-3. L—Bosio, 3-4.

Detroit 000 002 000—2 5 1
Minnesota 102 110 00x—5 12 0

Terrell, Leiter (5), Gleaton (7) and Allanson; Guthrie, Leach (7), Aguilera (8) and Harper. W—Guthrie, 2-2. L—Terrell, 1-4. Sv—Aguilera (5). HR—Detroit, Fryman (3).

Texas 000 020 001—3 9 0
Boston 000 300 02x—5 13 1

B. Witt, Alexander (6), Russell (8) and Stanley, Petralli (7); M. Young, Gray (7), Reardon (9) and Pena. W—M. Young, 2-1. L—B. Witt, 1-3. Sv—Reardon (9).

Chicago 200 000 000 012—5 12 0
Toronto 100 000 001 010—3 8 1
(12 innings)

Fernandez, Pall (8), Thigpen (9), Radinsky (11) and Fisk, Karkovice (12); Boucher, Acker (7), MacDonald (9), Fraser (10) and Myers. W—Radinsky, 2-1. L—Fraser, 0-1. HRs—Chicago, Thomas (5), Sosa (5). Toronto, R. Alomar 2 (4).

Baltimore 000 000 100—1 6 1
Seattle 102 000 00x—3 7 0

Ballard, J.M. Robinson (4), Kilgus (8) and Hoiles; Bankhead, DeLucia (3), Swan (7), M. Jackson (8) and Valle. W—DeLucia, 3-2. L—Ballard, 2-4. Sv—M. Jackson (3). HR—Baltimore, Worthington (3).

NATIONAL LEAGUE

Cincinnati 300 001 010—5 7 1
Chicago 200 211 00x—6 9 2

Browning, Scudder (7), Power (8) and J. Reed, Oliver (8); Sutcliffe, Assenmacher (7), Do. Smith (9) and Villanueva. W—Sutcliffe, 2-3. L—Browning, 4-2. Sv—Do. Smith (8). HRs—Cincinnati, Morris (3). Chicago, Sandberg (3), Dunston (3).

Atlanta 000 100 001—2 6 1
Pittsburgh 000 111 02x—5 8 0

S. Moltz, Stanton (8) and Heath; Smiley, Belinda (8) and LaValliere. W—Smiley, 5-1. L—Smoltz, 1-4. Sv—Belinda (4). HRs—Atlanta, Bream (4). Pittsburgh, Merced (3), McClendon (3).

St. Louis 200 000 300 2—7 11 0
Houston 100 001 300 0—5 12 3
(10 innings)

Tewksbury, Carpenter (7), Terry (7), Agosto (9), Le. Smith (10) and Pagnozzi, Gedman (9); J. Jones, Henry (7), Schilling (9), Corsi (10) and Biggio. W—Agosto, 2-0. L—Schilling, 0-2. Sv—Le. Smith (10).

New York 000 000 000—0 4 2
San Francisco 000 020 41x—7 12 0

Gooden, Schourek (7), Pena (7), Innis (8) and Cerone; Black and Kennedy. W—Black, 3-3. L—Gooden, 3-3. HRs—San Francisco, Clark (6), Thompson (4).

Montreal 010 001 020 2—6 13 0
San Diego 010 001 101 0—4 9 3
(10 innings)

Barnes, B. Jones (6), Burke (8) and Reyes; Whitson, Maddux (7), Lefferts (8), W. Gardner (10), Rodriguez (10) and Santiago. W—Burke, 3-1. L—W. Gardner, 0-1. HRs—Montreal, L. Walker 2 (3), Owen (1).

Philadelphia 001 000 000—1 7 0
Los Angeles 010 000 20x—3 9 0

Grimsley, Boever (6), Akerfelds (8), Ritchie (8) and Lake; Ojeda, J. Howell (8), Candelaria (9) and Scioscia. W—Ojeda, 2-3. L—Boever, 1-3. Sv—Candelaria (2). HR—Los Angeles, Murray (5).

Saturday's Line Scores

AMERICAN LEAGUE

California 000 002 000—2 8 0
Cleveland 001 000 000—1 5 1

Abbott, J. Robinson (8), Harvey (9) and Tingley; Swindell and Skinner. W—Abbott, 2-4. L—Swindell, 1-4. Sv—Harvey (8).

Chicago 200 000 000—2 7 1
Toronto 000 311 00x—5 6 1

Hough and Karkovice; Stieb, Timlin (8), Ward (9). W—Stieb, 4-2. L—Hough, 0-2. Sv—Ward (10). HR—Toronto, Hill (2).

Oakland 005 101 300—10 10 3
New York 100 000 100— 2 2 2

Dressendorfer, Walton (8), Allison (9) and Quirk; Eiland, Plunk (3), Monteleone (6), Howe (9) and Nokes. W—Dressendorfer, 3-2. L—Eiland, 1-2. HRs—Oakland, D. Henderson (9). New York, Nokes (4).

Texas 010 003 000—4 6 1
Boston 030 200 00x—5 12 2

Brown, Poole (5), Gossage (7) and Petralli, Stanley (8); Kiecker, Hesketh (6), Reardon (8) and Marzano. W—Kiecker, 2-0. L—Brown, 2-3. Sv—Reardon (10).

Detroit 400 000 000—4 8 1
Minnesota 121 000 10x—5 12 0

Searcy, Leiter (3), Gleaton (5), Henneman (7) and Allanson; A. Anderson, Willis (5), Bedrosian (8), Aguilera (9) and Harper. W—Willis, 1-0. L—Henneman, 3-1. Sv—Aguilera (6). HRs—Detroit, Fryman (4). Minnesota, C. Davis (2).

Kansas City 201 010 000—4 11 0
Milwaukee 000 200 000—2 5 0

Gordon, Montgomery (9) and Macfarlane; Wegman, Holmes (5), Plesac (8), Crim (9) and Surhoff. W—Gordon, 2-2. L—Wegman, 0-1. Sv—Montgomery (7). HRs—Kansas City, Gibson (7). Milwaukee, Yount (6).

Baltimore 002 160 011—11 15 0
Seattle 102 100 100— 5 9 1

Mesa, Flanagan (8) and Hoiles; Hanson, Krueger (5), Swift (5), Murphy (7), Swan (9) and Valle. W—Mesa (4-3). L—Krueger (1-1). HRs—Baltimore, Evans (2), Devereaux (5); Seattle, Cotto (2).

NATIONAL LEAGUE

Cincinnati 100 251 102—12 12 1
Chicago 100 000 100— 2 8 0

Rijo, Myers (9) and Reed; Bielecki, Wilson (5), Lancaster (5), Slocumb (8) and Berryhill. W—Rijo, 2-2. L—Bielecki, 4-2. HRs—Cincinnati, Hatcher (1), Davis 2 (4), O'Neill 2 (6). Chicago, Dunston (4).

New York 000 100 302—6 12 0
San Francisco 000 100 100—2 7 1

Darling, Pena (8) and Sasser; Robinson, Beck (7), Oliveras (8), Righetti (9) and Kennedy. W—Darling, 2-2. L—Robinson, 0-2. Sv—Pena (2). HRs—New York, Herr (1), Brooks (4). San Francisco, Clark (7), Thompson (5).

Atlanta 010 000 020—3 5 2
Pittsburgh 000 200 000—2 7 1

Leibrandt, Berenguer (8), Mercker (8) and Olson, Heath (7); Drabek and Slaught. W—Leibrandt, 3-3. L—Drabek, 1-6. Sv—Mercker (3). HR—Atlanta, Gant (3).

St. Louis 000 001 000—1 3 0
Houston 010 104 00x—6 10 0

DeLeon, Terry (5), Perez (6), Agosto (6), Mayer (8) and Pagnozzi; Portugal, Corsi (8) and Biggio. W—Portugal, 4-1. L—DeLeon, 1-3. HRs—St. Louis, M. Thompson (1). Houston, Gonzalez (3).

Philadelphia 010 000 001—2 7 3
Los Angeles 000 110 01x—3 9 0

Combs, McDowell (7) and Fletcher; Morgan, Candelaria (8), Howell (9) and Carter, Scioscia (8). W—Morgan, 4-2. L—Combs, 1-2. Sv—Howell (4). HR—Philadelphia, Murphy (5).

Montreal 003 002 000—5 6 1
San Diego 000 000 100—1 7 2

Martinez and Hassey; Peterson, Rodriguez (6), Rosenberg (7), Costello (9) and Santiago. W—Martinez (5-2). L—Peterson (0-1). HRs—Montreal, Grissom (5); San Diego, McGriff (8).

Japanese Baseball

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Hiroshima	14	10	1	.580	—
Yakult	16	12	1	.569	—
Yomiuri	15	13	0	.536	1
Taiyo	15	13	1	.535	1
Chunichi	13	13	1	.500	2
Hanshin	7	19	0	.269	8

Saturday's Results
Hiroshima 5, Chunichi 1
Yakult 3, Taiyo 0
Yomiuri 7, Hanshin 3

Sunday's Results
Yakult 5, Taiyo 2
Yomiuri vs. Hanshin, ppd., rain
Hiroshima vs. Chunichi, ppd., rain

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	21	6	1	.768	—
Lotte	14	13	0	.519	7
Nippon Ham	13	13	1	.500	7½
Kintetsu	13	14	0	.482	8
Daiei	12	13	0	.480	8
Orix	7	21	0	.250	14½

Saturday's Results
Seibu 14, Orix 5
Lotte 3, Nippon Ham 1
Daiei 12, Kintetsu 1

Sunday's Results
Seibu 3, Orix 2
Lotte 4, Nippon Ham 2
Kintetsu 3, Daiei 1

SOCCER

DUTCH FIRST DIVISION
NEC Nijmegen 1, FC Twente Enschede 3
PSV Eindhoven 3, Willem II Tilburg 0
RKC Waalwijk 4, SVV Schiedam 1
Roda JC Kerkrade 2, Sparta Rotterdam 2
FC Den Haag 0, Ajax Amsterdam 1
Feyenoord Rotterdam 3, FC Volendam 0
MVV Maastricht 1, Fortuna Sittard 1

Standings: PSV Eindhoven 47 points; Ajax Amsterdam 45; FC Groningen 42; FC Utrecht 34; FC Twente Enschede 32; Vitesse Arnhem and FC Volendam 31; Roda JC 30; Feyenoord Rotterdam and RKC Waalwijk 29; Willem II Tilburg and Sparta Rotterdam 26; Fortuna Sittard 25; FC Den Haag 24; MVV Maastricht 23; SC Heerenveen 20; SVV Schiedam and NEC Nijmegen 19.

ENGLISH FIRST DIVISION
Arsenal 6, Coventry 1
Aston Villa 2, Chelsea 2
Crystal Palace 3, Manchester United 0
Liverpool 2, Tottenham 0
Luton 2, Derby 0
Manchester City 3, Sunderland 2
Nottingham Forest 4, Leeds 3
Queens Park Rangers 1, Everton 1
Sheffield United 2, Norwich 1
Southampton 1, Wimbledon 1

Standings: Arsenal 83 points; Liverpool 76; Crystal Palace 69; Leeds 64; Manchester City 62; Manchester United 58; Wimbledon 56; Nottingham Forest 54; Everton 51; Chelsea 49; Tottenham 48; Queens Park Rangers and Sheffield United 46; Southampton and Norwich 45; Coventry 44; Aston Villa 41; Luton 37; Sunderland 34; Derby 24.

FRENCH FIRST DIVISION
Montpellier 0, Marseille 0
Nancy 4, Monaco 0
Brest 0, Saint Etienne 1
Rennes 1, Cannes 1
Toulon 1, Toulouse 0
Auxerre 0, Bordeaux 0
Nice 1, Nantes 1
Lyon 3, Metz 1
Caen 0, Lille 0
Sochaux 0, Paris St. Germain 0

Standings: Marseille 51 points; Monaco 48; Auxerre 46; Cannes 39; Lyon 38; Lille 37; Montpellier 36; Caen, Bordeaux, Brest, Metz and Paris St. Germain 35; Nice 34; Nantes 33; Toulon 32; Sochaux, Saint-Etienne and Nancy 31; Toulouse 30; Rennes 28.

GERMAN FIRST DIVISION
Bayer Leverkusen 2, Borussia Moench. 5
Karlsruhe 1, Fortuna Duesseldorf 1
VfB Stuttgart 2, Bochum 2
FC St. Pauli 0, Werder Bremen 0
SG Wattenscheid 0, FC Kaiserslautern 0
Hertha BSC Berlin 2, Borussia Dortmund 2
Bayern Munich 2, Eintracht Frankfurt 0
FC Nuremberg 3, Hamburger SV 1
Bayer Uerdingen 0, FC Cologne 3

Standings: FC Kaiserslautern 41 points; Bayern Munich 38; Werder Bremen 37; FC Cologne 35; SV Hamburg 34; Eintracht Frankfurt 33; VfB Stuttgart, Bayer Leverkusen and Fortuna Dusseldorf 31; Borussia Moenchengladbach and Borussia Dortmund 27; VfL Bochum, SC Karlsruhe and Wattenscheid 26; St. Pauli 23; Bayer Uerdingen and FC Nuremberg 22; Hertha Berlin 12.

ITALIAN FIRST DIVISION
Cagliari 0, AS Roma 0
Cesena 0, Atalanta of Bergamo 1
Genoa 3, Internazionale of Milan 0
Lazio of Rome 2, Fiorentina 1
Lecce 1, Parma 0
AC Milan 4, Bologna 0
Napoli 1, Juventus of Turin 1
Pisa 1, Bari 0
Torino 1, Sampdoria of Genoa 1

Standings: Sampdoria 48 points; AC Milan 45; Inter Milan 42; Genoa 37; Torino 36; Parma and Juventus 35; Napoli and Lazio 34; AS Roma and Atalanta 33; Fiorentina 28; Bari and Cagliari 26; Lecce 25; Pisa 22; Cesena 19; Bologna 18.

SPANISH FIRST DIVISION
Cadiz 4, Barcelona 0
Real Madrid 4, Athletic Bilbao 1
Logrones 1, Sporting Gijon 2
Real Sociedad 2, Atletico Madrid 1
Mallorca 1, Sevilla 1
Zaragoza 2, Castellon 0
Cadiz 4, Barcelona 0
Oviedo 0, Osasuna 0
Valencia 2, Valladolid 0
Betis 0, Burgos 0

AUTO RACING

Monaco Grand Prix

Seventy-eight laps on a 3.328-kilometer (2.068-mile) circuit, with driver, country, make of car, time and winner's average speed:

1. Ayrton Senna, Brazil, McLaren-Honda, 1 hour, 53 minutes, 2.334 seconds. (137.785 kph); 2. Nigel Mansell, Britain, Williams-Renault, 18.348 seconds behind; 3. Jean Alesi, France, Ferrari, 47.455; 4. Roberto Moreno, Brazil, Benetton-Ford, 1 lap behind; 5. Alain Prost, France, Ferrari, 1 lap behind; 6. Emmanuel Pirro, Italy, BMS Dallara-Judd, 1 lap; 7. Thierry Boutsen, Belgium, Ligier-Lamborghini, 2; 8. Bernard Gachot, France, Jordan-Ford, 2; 9. Eric Bernard, France, Lola-Ford, 2; 10. Erik Comas, France, Ligier-Lamborghini, 2.

Drivers championship standings: 1. Senna 40 points; 2. Prost, 11; 3. Gerhard Berger Austria, McLaren Honda, 10; 4. (tie) Riccardo Patrese, Italy, Williams Renault; Nelson Piquet, Brazil, Benetton Ford, and Nigel Mansell Britain, Williams Renault, 6; 7. Alesi, 5; 8. J.J. Lehto, Finland, Dallara Judd, 4; 9. (tie) Stefano Modena, Italy, Tyrrell Honda; Pierluigi Martini, Italy, Minardi Ferrari, and Moreno, 3.

TRANSACTIONS

BASEBALL
American League

CLEVELAND—Recalled Efrain Valdez, pitcher, from Colorado Springs, Pacific Coast League. Put Alex Cole, outfielder, on 15-day disabled list.

HOCKEY

NHL Playoffs

CONFERENCE CHAMPIONSHIPS
Friday's Result
CAMPBELL CONFERENCE
(Minnesota wins series, 4-1)

Minnesota	2	0	1	—3
Edmonton	0	1	1	—2

First period—1, Minnesota, Tinordi 5 (Propp, Bellows), 2:06 (pp). 2, Minnesota, Bureau 2 (Duchesne), 12:23. Second period—3, Edmonton, Tikkonen 12 (Klima), 10:33. Third period—4, Edmonton, Messier 4 (Anderson, Simpson), 4:18. 5, Minnesota, B. Smith 4 (Gagne, Dahlquist), 4:59.

Shots on goal: Minnesota (on Fuhr) 15-8-10—33. Edmonton (on Casey) 5-8-8—21.

Saturday's Result
WALES CONFERENCE
(Pittsburgh wins series, 4-2)

Boston	0	2	1	—3
Pittsburgh	0	2	3	—5

First period—None. Second period—1, Boston, Neely 16 (Wiemer, R. Bourque), 7:16 (pp). 2, Boston, Hodge 4 (R. Bourque, B. Sweeney), 9:28 (pp). 3, Pittsburgh, Murphy 4 (Lemieux, Young), 11:45 (pp). 4, Pittsburgh, P. Bourque 4 (Murphy, Recchi), 17:17. Third period—5, Pittsburgh, Roberts 1 (Recchi, Lemieux), 10:08. 6, Boston, D. Sweeney 3 (Christian, Lazaro), 12:13. 7, Pittsburgh, Recchi 8 (Roberts), 15:40. 8, Pittsburgh, Lemieux 11, 19:32 (en).

Shots on goal: Boston (on Barrasso) 7-11-10—28. Pittsburgh (on Moog) 7-7-14—28.

STANLEY CUP FINAL
Wednesday: Minnesota at Pittsburgh
Friday: Minnesota at Pittsburgh
Sunday: Pittsburgh at Minnesota
Tuesday, May 21: Pittsburgh at Minnesota
Thursday, May 23: Minnesota at Pittsburgh, if necessary
Saturday, May 25: Pittsburgh at Minnesota, if necessary
Tuesday, May 27: Minnesota at Pittsburgh, if necessary

FOOTBALL

WLAF Standings

European Division

	W	L	T	Pct.	PF	PA
y-London	8	0	0	1.000	246	80
Barcelona	7	1	0	.875	183	92
Frankfurt	5	2	0	.714	122	109
North American East Division						
N.Y.-N.J.	4	4	0	.500	205	122
Montreal	3	4	0	.429	93	175
Orlando	3	5	0	.375	189	205
Raleigh-Durham	0	7	0	.000	96	237
North American West Division						
Birmingham	3	4	0	.429	86	109
San Antonio	3	5	0	.375	140	146
Sacramento	2	6	0	.250	124	140

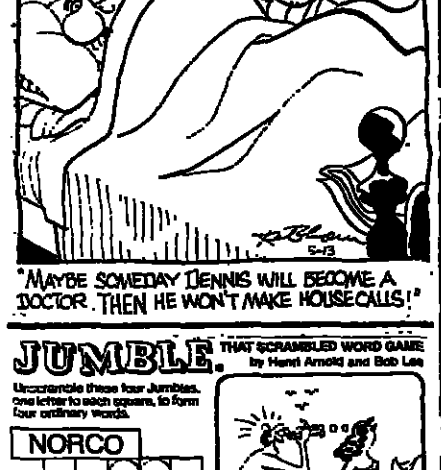
y-clinched playoff berth

SATURDAY'S RESULTS
Barcelona 17, San Antonio 7
London 22, New York-New Jersey 7
Orlando 45, Sacramento 33

SUNDAY'S GAME
Birmingham at Frankfurt

MONDAY'S GAME
Raleigh-Durham at Montreal

DENNIS THE MENACE



"MAYBE SOMEDAY DENNIS WILL BECOME A DOCTOR. THEN HE WON'T MAKE HOUSECALLS!"

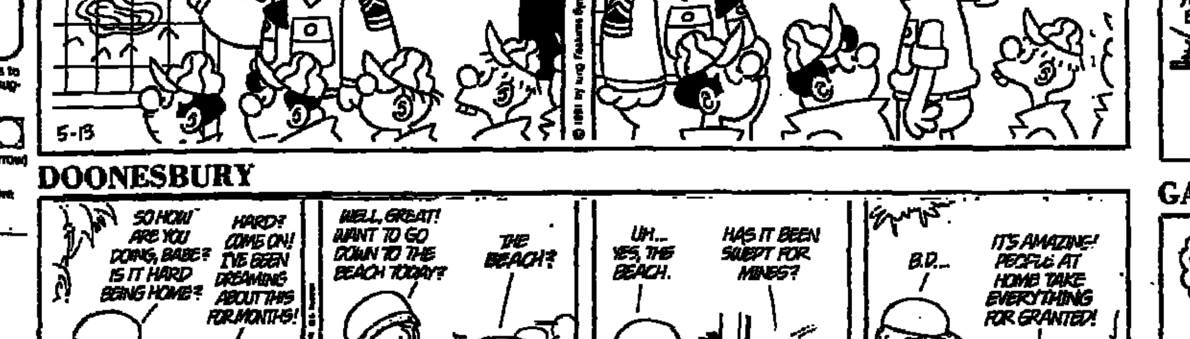
PEANUTS



BLONDIE



BEETLE BAILEY



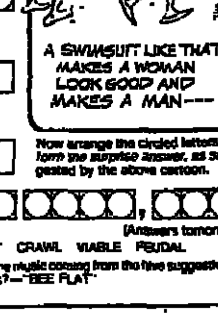
DOONESBURY



JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

NORCO
ABOOT
GROOFT
DYKLIN



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer:

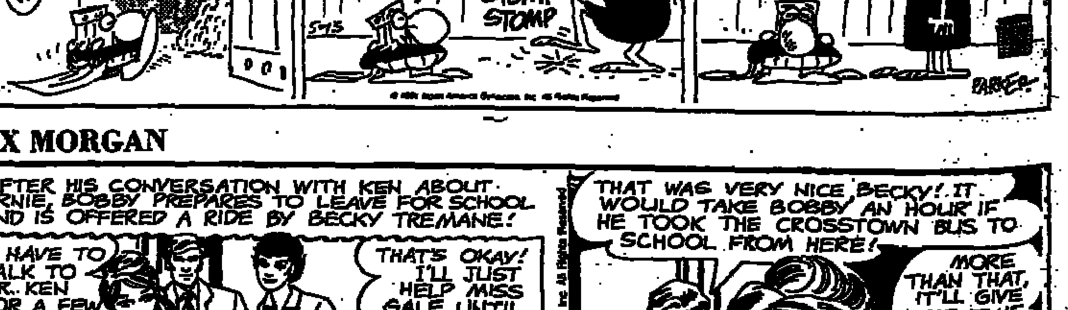
(Answers tomorrow)

Saturday's | Jumbles: LIGHT CRAWL VIABLE FEUDAL
Answer: Was the music coming from the hive suggestive of this?—"BEE FLAT"

ANDY CAPP



WIZARD of ID



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MONDAY SPORTS



Massimo Sambucetti/The Associated Press

Gabriela Sabatini did not lose a set during the Italian Open.

Sabatini Polishes Off Seles in Italian Final

By Nick Stout
International Herald Tribune

ROME — Gabriela Sabatini pulled one gem after another from her amazing repertoire of shots Sunday and bedazzled Monica Seles, 6-3, 6-2, on a dreary day at the Foro Italico to win the women's championship of the Italian Open.

The victory left little doubt that Sabatini is currently the best show in women's tennis, even if the computer has ranked Seles No. 1 for the previous 12 months and says Sabatini is No. 3.

Sabatini, the tall, dark Argentine who turns 21 on Thursday, has now won five of seven tournaments this year, for a match record of 34-2.

"Every week I'm playing better and better," she said after accepting her trophy. "I have a lot of confidence. I'm using everything on the court."

In taking the Italian title, she avenged losses to Seles in the Virginia Slims championship in November — the first time a women's match had gone to five sets since 1901 — and in the Lipton Players Championship in March.

Sabatini did not drop a single set in this tournament. In fact, she lost only 13 games in her five matches and, until Sunday, had not given up more than two games in a set.

If she had a stroke of luck along the way, it was Conchita Martinez's victory over Martina Navratilova in the quarterfinals. That gave Sabatini an easier semifinal opponent, and she beat Martinez, 6-1, 6-0.

On Sunday, a downpour in the first set sent everybody scurrying for shelter for about 80 minutes. When the players returned, Seles served at 3-5, 30-15, after having dominated the previous game. Sabatini won the first two points on brilliant sliced cross-court backhand shots that fell dead on the slow, wet clay.

Each time, Seles had to gallop in from the baseline. She barely got her racket on the first one, and the ball went rolling to the net. She managed to scoop up the second one, but it was a desperate play and the ball went sailing wide.

Serving now at 30-40, Seles lost the set when her backhand shot went long.

Sabatini dominated the second set from the start, breaking her opponent at the first opportunity and dazzling Seles with an array of drop shots, lobs and other well-placed shots. But when match-point arrived, it did so amid confusion.

With the ball in play after Seles had served at 2-5, 30-30, Seles hit a shot that Sabatini thought was too long. She returned it anyway, and Seles countered with a forehand winner. The score was put up at 40-30 for Seles.

But Sabatini balked. When the linesman inspected the mark that the ball had made on the wet clay and said that it had been good, Sabatini asked for the umpire. So the umpire climbed down, shuffled to the back court, stooped down to be sure, then decided that Sabatini had been right. Motioning with his fingers, he told Seles that her previous shot had landed out by an inch. Which gave Sabatini match point.

Sabatini, a right-hander, won the match convincingly on the next point, with a solid forehand winner down the line to the left-handed Seles' forehand.

"I felt the point was called wrong," Seles said. "But you can't change the umpire's decision. You just have to forget it."

After a shower and a brief talk to reporters, Seles, 17, went back onto the center court — this time with Jennifer Capriati, 15, at her side — and won the doubles title with a 7-5, 6-2 victory over Nicole Provis and Elna Reinach.

"I like to play doubles, and when you play with someone like Jennifer, it's so much easier," Seles said. "I come to the net more in doubles. It helps my volley game."

■ Novacek Defeats Gustafsson in German Open

Karel Novacek of Czechoslovakia lost a two-set lead Sunday, then beat Magnus Gustafsson of Sweden, 6-3, 6-3, 5-7, 0-6, 6-1, to win the German Open, The Associated Press reported from Hamburg.

The 2-hour, 56-minute match gave Novacek his second victory this year and the fifth of his career.

Gustafsson, bidding for his second straight title after winning at Munich the previous week, appeared to be in charge after decisively winning the fourth set.

But Novacek took a quick 2-0 lead in the fifth set, lost his serve in the next game, then immediately broke back and went on to take a 5-1 lead when Gustafsson served his 10th double-fault of the match.

● Tomas Smid, Czechoslovakia's Davis Cup captain, is likely to replace Niki Pilic as the coach of Boris Becker. Pilic said Sunday at the German Open.

Pilic, who is Germany's Davis Cup coach, said he could not handle both jobs at the same time. He became Becker's coach Feb. 20, after the world's No. 2-ranked player company with Bob Brett of Australia.

Smid, who will be 35 next week, won nine singles and 55 doubles titles in a long career.

9-Run 4th By Rangers Tops Red Sox

Compiled by Our Staff From Dispatches

Ruben Sierra homered and drove in four runs Sunday in Boston and the Texas Rangers scored nine runs in the fourth inning en route to a 12-5 rout of the Red Sox, who entered the game with the best earned-run average in the major leagues.

The Red Sox, who had won nine of their previous 11 games, had an ERA of 2.81 before giving up their season high for runs in a game.

The Red Sox pitching staff had not allowed more than three runs in any inning this season.

The Rangers held a 2-1 lead going into the fourth inning. Rafael Palmeiro led off with a double off Boston starter Greg Harris (1-4) and scored on Sierra's RBI single to right. After Julio Franco's single to right, Juan Gonzalez walked to load the bases. Geno Petralli then doubled to the gap in left-center, driving in three runs for a 6-1 lead.

Reliever Dennis Lamp entered the game but fared no better. Steve Buechele laid down a successful bunt and Pettis stroked an RBI single to right. Brian Downing hit into a double play, erasing Pettis, but Jeff Huson walked and Palmeiro's second hit of the inning, a single to right, scored Buechele. Sierra's single to right scored Huson.

Franco was then hit on the left hand and in the face by a pitch from Lamp. Gonzalez followed with a double into the left-field corner, scoring two runners and putting the visitors ahead, 11-1.

Former Red Sox great Ted Williams was honored at the game, on the 50th anniversary of his .406 season. He ended a half-century of admitted "sourness" and tipped his hat in thanks to the crowd.

Williams, the last major-leaguer to hit over .400, told the more than 30,000 spectators that he was always angered by sportswriters and former teammates "who said that I was hard-headed or that I never tipped my hat. Today," he said, raising the Red Sox cap from his head, "I tip my hat to all the people in New England — the greatest sports fans on earth."

Blue Jays 4, White Sox 2: Ed Sprague hit a pair of run-scoring singles, leading Jimmy Key and the Blue Jays past Chicago in Toronto.

The Blue Jays won three times in the four-game series. Chicago has lost eight of 11, and faces Roger Clemens in Boston on Monday night.

Twins 8, Tigers 3: In Minneapolis, Chili Davis hit two home runs and Scott Erickson won his fifth straight game.

Rookie Chuck Knoblauch got four of Minnesota's season-high 16 hits.

Erickson (5-2), who leads the American League with two shutouts, left after seven scoreless innings.

Indians 4, Angels 1: Tom Candiotti pitched a three-hitter and Carlos Baerga hit a three-run homer as the Indians ended a four-game losing streak.

The victory was the Indians' second in nine home games this season. It was the first time this season Cleveland won a game in which the opponent scored first. *(UPI, AP)*

■ *In Saturday's games, The Associated Press reported:*

Athletics 10, Yankees 2: Dave Henderson hit his league-leading ninth homer and drove in five runs in the rout in New York.

Steve Howe, brought up from the minors on Friday, pitched a hitless ninth inning for the Yankees, his first major league appearance since Oct. 4, 1987.

Blue Jays 5, White Sox 2: In Toronto, Dave Stieb won his fourth consecutive decision and improved his career record against Chicago to 21-4.

Glenallen Hill hit a two-run homer and tripled for the Blue Jays, who have won three of their last four.

Angels 2, Indians 1: Jim Abbott gave up five hits in seven innings, three of them infield singles, and the Indians' sloppy fielding cost them two runs in Cleveland.

California took a 2-1 lead with two unearned runs in the sixth. With Luis Polonia at third, Dave Parker hit a fly ball that center fielder Mike Huff ran under, then dropped. Parker scored when Gary Gaetti bounced a ground-rule double over the fence in left-center.

Cleveland is last in the AL in fielding.

During the game, Cleveland outfielder Albert Belle, who spent 10 weeks last summer in an alcohol rehabilitation program, threw a baseball at a heckler in the left-field stands, hitting him in the chest.

Cincinnati relief pitcher Rob Dibble was suspended for four games for throwing a ball into the stands earlier this season.

Red Sox 5, Rangers 4: In Fenway Park, Ellis Burks broke a zero-for-11 slump in bases-loaded situations with a two-run single for Boston, which has won seven of eight games.

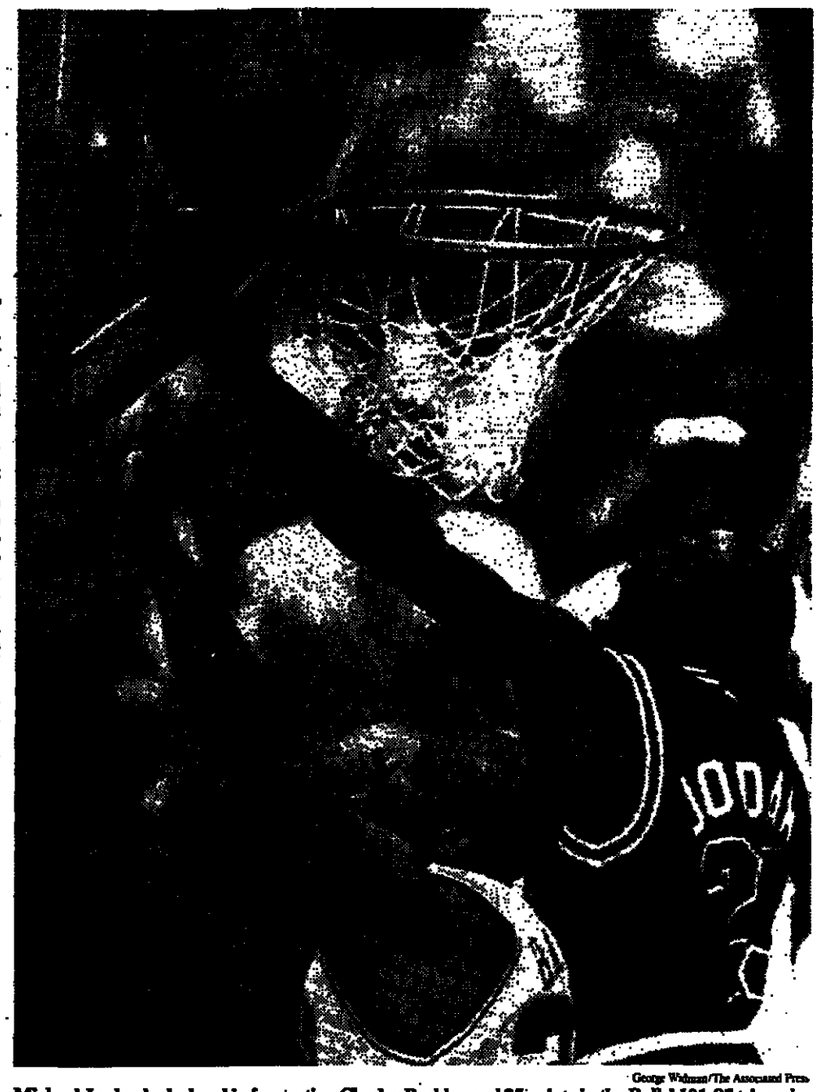
Twins 5, Tigers 4: Brian Harper's bunt squirted through the right side of Detroit's charging infield, scoring Kirby Puckett from second base in the seventh inning and sending Minnesota at home.

Royals 4, Brewers 2: Tom Gordon shut down Milwaukee for eight innings and Kirk Gibson homered as the Kansas City Royals sent the Brewers to their sixth straight loss, this one at home.

Orioles 11, Mariners 5: Mike Devereaux homered to start Baltimore's six-run fifth inning in Seattle.

Dwight Evans also homered as the Orioles stopped the Mariners' six-game winning streak.

Bulls' Grant, Jordan Put Sixers on Ropes



George Widman/The Associated Press

Michael Jordan had a hand in frustrating Charles Barkley and 25 points in the Bulls' 101-85 triumph.

Celtics Lead Pistons, Jazz Surprise the Trail Blazers

The Associated Press

Horace Grant had a National Basketball Association playoff career-high 22 points and 11 rebounds Sunday, helping the Chicago Bulls to a 101-85 victory over the 76ers and a 3-1 lead in their best-of-seven Eastern Conference semifinal playoff series in Philadelphia.

Michael Jordan scored 25 points and had 10 assists for Chicago. Scottie Pippen scored 20 for the Bulls, who can close out the series Tuesday night in Chicago.

The Bulls were in command by halftime, when they led, 52-38.

The closest Philadelphia got after that was 10 points, less than a minute into the third quarter. Chicago led by 71-57 after three periods.

Charles Barkley led Philadelphia with 25 points and Hersey Hawkins had 15. Barkley, who had 14 rebounds, ripped off the brace protecting his injured left knee and tossed it to the sideline late in the fourth period.

The Bulls, with the help of two 3-point shots by Jordan, built a 24-15 lead with 2:54 left in the first quarter, but the Sixers scored five of the next seven to trail by only six at the end of the period.

Chicago had boosted the margin to 14 by halftime, and led by 17 after an 11-2 surge in which John Paxson and Grant each scored two baskets.

Friday night in Philadelphia, Jordan scored 46 points but the 76ers pulled out an emotional 99-97 victory. Jordan, who has tendinitis in his left knee, limped noticeably throughout the game.

Hawkins made the game-winning basket, a 3-point shot from the deep right corner with 10.3 seconds remaining and the Bulls clinging to a 97-95 lead. Ron Anderson inbounded to Barkley, who drove to the basket against Grant. As the Bulls' defense converged on Barkley, he passed to Hawkins, alone in the corner, and he made the shot.

■ *In Saturday's games, The New York Times and The Associated Press reported:*

Celtics 115, Pistons 83: Larry Bird, who missed the first game of the series when Boston lost, and Isiah Thomas, who missed the second as Detroit lost, were both back but neither was a primary factor in the third game.

Instead, the key in Auburn Hills, Michigan, was the play of Boston's guard rotation of Reggie Lewis (21 points), Brian Shaw (19) and Dee Brown (13), who outscored the Pistons' Thomas, Joe Dumars and Vinnie Johnson by 53-24.

Robert Parish, who left briefly with ankle problems, scored 13 and led his team with 11 rebounds as the Celtics took a 2-1 lead in the Eastern Conference semifinal.

The Celtics led by 8 points after one quarter, by 13 after two, by 28 after three and by as many as 36 in the fourth quarter. Many Detroit fans booed their team in the second half before they stood up and walked out early on the Pistons' worst defeat at the Palace.

They missed the sight of Scott Hastings, a Detroit reserve, taking a shot while sitting on the floor. He missed.

Thomas missed 10 of 13 field-goal attempts and finished with seven points. Afterward, as he iced his sprained right foot, he said, "I was so preoccupied by my hamstring and my foot before the game that I forgot to ice my wrist. I shouldn't have even played today."

Bird played 33 minutes and had 10 points on 4-for-11 shooting.

Jazz 107, Trail Blazers 101: Karl Malone scored 12 of his 30 points in the fourth quarter as Utah moved closed to 2-1 in the Western Conference semifinal with the victory in Salt Lake City.

Trailing by 12 points going into the fourth period, Portland chipped away at the Jazz lead, twice pulling to within six points.

Danny Ainge's 3-pointer with 1:19 to play made it 100-94, but Portland could get no closer as Jeff Malone was three for three at the foul line for Utah down the stretch.

■ *In Friday's game, The Associated Press reported:*

Lakers 115, Warriors 112: James Worthy scored 36 points as Los Angeles took a 2-1 lead in the Western Conference semifinal with the victory in Oakland.

The Lakers held Chris Mullin, who scored 41 points in the second game of the series, to 13 points on 4-for-14 shooting.

The Lakers, who got 23 points from Byron Scott and shot 55.3 percent, built a 101-89 lead with 5:21 remaining, but had to hold off a rally by the Warriors to win.

Kukoc Spurns Bulls for Italy

The Associated Press

ROME — Toni Kukoc, arguably Europe's top basketball player, has passed up the Chicago Bulls to sign with Benetton of the Italian League in a deal that reports indicated could make him the world's best-paid basketball player.

The Italian club announced no signing terms Saturday. Reports in Italy said the Yugoslav guard, 22, signed a five-year deal worth $16.6 million.

The Bulls said he told them he signed for six years. Jerry Krause, Bulls' general manager, said Kukoc indicated Benetton will pay the almost 30 percent annual tax on the salary.

Home Runs by Gant and Justice Lead Braves Over Pirates

Compiled by Our Staff From Dispatches

Ron Gant and Dave Justice each hit two-run home runs, and Justice brought in another run by grounding out Sunday to lead the Atlanta Braves to a 6-1 victory over the Pirates in Pittsburgh.

Steve Avery combined with Juan Berenguer on a four-hitter, and Jeff Blauser contributed an RBI triple.

Avery (4-1) gave up four hits and an unearned run, walked three and struck out four over six innings. Berenguer allowed one walk the rest of the way to earn his third save.

Gant's homer, his fourth of the year and second in two games, gave the Braves a 2-0 first-inning lead off loser Vicente Placios (2-1). The homer to left scored Otis Nixon, who led off the game with a single.

Justice's third homer of the season, also off Palacios, followed a Terry Pendleton single leading off the sixth and gave Atlanta a 4-0 lead.

Justice picked up his third RBI and Blauser got his triple off Bob Kipper in the eighth for a 6-1 lead. Gant led off with a single, stole second and scored on consecutive groundouts to second by Terry Pendleton and Justice. Sid Bream then singled and scored on Blauser's triple.

NATIONAL LEAGUE

Reds 5, Cubs 3: Mariano Duncan's two-run triple snapped an eighth-inning tie, giving Cincinnati the victory in Chicago.

Hal Morris led off the eighth with his third hit of the game, a single to deep short. Morris stole second as Eric Davis struck out and Paul O'Neill was intentionally walked before Greg Maddux (4-2) struck out Luis Quinones. Duncan, who earlier singled in a run, then tripled to center field.

Duncan led the National League with 11 triples in 1990, the first Red to do so since Vada Pinson in 1967. Duncan has two triples this season.

Morris also had two other singles to raise his major-league leading average .402.

Jack Armstrong (3-1) gave up seven hits and three runs in seven innings for the victory. Rob Dibble finished for his eighth save, striking out three. *(UPI, AP)*

■ *In Saturday's games, The Associated Press and United Press International reported:*

Braves 3, Pirates 2: Ron Gant hit a two-run homer in the eighth inning to carry Atlanta in Pittsburgh as Doug Drabek, who took six months to lose six games last year, reached that dubious spot in six weeks this season.

But Drabek, last season's National League Cy Young Award winner, did pitch a five-hitter for his first complete game this season. He struck out seven and walked four.

"I'm glad I finally felt smooth and that I had some kind of control," Drabek said. "I'll take it with me for my next start and try to stay positive. The main thing is still winning."

Drabek was 22-6 last season. His only victory this year was on April 14 against Montreal. He started off 1-8 in 1987 before finishing 11-12.

Reds 12, Cubs 2: Paul O'Neill homered twice and matched his career high with six RBIs, and Eric Davis also homered twice in the rout in Chicago.

O'Neill, who was four for five, doubled in the fourth, hit a three-run double in the fifth, a leadoff homer in the seventh and a two-run homer in the ninth as the Reds ended a four-game losing streak.

Mets 6, Giants 2: Hubie Brooks broke a seventh-inning tie with a leadoff home run and Tommy Herr had four hits, including a home run, and three RBIs for the winners in New York.

Herr is hitting just .192.

Ron Darling, coming back from October elbow surgery, held the Giants to two runs in seven innings.

Astros 6, Cardinals 1: Mark Portugal and Jim Corsi held St. Louis to three hits in Houston and Craig Biggio hit a three-run double.

Portugal pitched seven innings, giving up one run on three hits. He struck out six and walked two. Corsi finished with perfect relief.

Portugal also drove in a run.

Dodgers 3, Phillies 2: Juan Samuel took advantage of Philadelphia gaffs to score the tie-breaking run in the fifth in Los Angeles.

With the score 1-1, Samuel reached base on an infield single and stole second, the fourth stolen base by the Dodgers in the game. Then, with two outs, Eddie Murray hit a bouncer toward third that Charlie Hayes gloved, but he threw wildly past first for the Phillies' third error of the night, allowing the go-ahead run to score.

Expos 5, Padres 1: Marquis Grissom hit a three-run homer after a close call in San Diego to give the Padres their fifth straight victory.

The game was scoreless in the third inning when Montreal put a runner on second base with two outs. Delino DeShields hit a grounder to first base that Fred McGriff bobbled, and DeShields beat the tag.

The Padres' manager, Greg Riddoch, questioned the call and after the brief delay, Grissom hit the next pitch from Adam Peterson for his fifth home run of the season.

In Frankfurt, the Galaxy Wins Before Record Crowd of 28,127

The Associated Press

The Frankfurt Galaxy on Sunday defeated the Birmingham Fire, 10-3, in a World League of American Football game played before a record crowd of 28,127 in Frankfurt.

In a game filled with fumbles and dropped passes that should have been caught, Birmingham took the early lead on a field goal by Win Lyle with just a litte more than three minutes left in the second quarter.

After the Galaxy moved the ball to the 15, Tom Whelihan kicked a field goal for Frankfurt just before halftime. The winning points came on a six-yard run by Tony Baker in the third period.

Monarchs 22, Knights 7: London became the WLAF's first team to clinch a playoff berth as it got a league-record 14 sacks Saturday night in East Rutherford, New Jersey.

The victory assured London (8-0) of at least the wild-card playoff berth with two weeks left in the season. It also ended a four-game winning streak for New York-New Jersey.

London maintains a game lead over Barcelona (7-1) in the WLAF's European Division.

The Knights were in contention until the final minutes, but lost three fumbles inside the London 28.

Jeff Alexander, who carried 21 times for 128 yards, gave London a 9-0 lead with a 41-yard touchdown run 3:36 into the third quarter.

Dedrick Dodge of London returned an interception 32 yards for a touchdown with 1:07 to go and Danny Lockett ran 65 yards with a fumble for a touchdown on the final play of the game when the Knights' quarterback, Jeff Graham, was sacked for the 14th time for a total of 83 yards in losses.

The Monarchs played the second half without quarterback Stan Gelbaugh, whose left shoulder was bruised. Backup John Witkowski directed the touchdown drive, but he also almost gave away the game in the fourth quarter by throwing two passes to Newton.

Newton's second interception and 46-yard return helped set up Eric Wilkerson's three-yard touchdown run with 5:48 to play.

Dragons 17, Riders 7: In Barcelona, Lydell Carr's eighth touchdown of the season helped the Dragons make up for their only loss.

Carr's one-yard run completed a 13-play drive on Barcelona's first possession. The running back has scored in every game.

Fourth-quarter interceptions by Chris Fryer and Ron Goetz, coupled with a 35-yard touchdown pass from Tony Rice to Gene Taylor with 1:54 to play.

Thunder 45, Surge 33: Eric Mitchel rushed for a club-record 108 yards and three touchdowns as Orlando, at home in Florida, broke a five-game losing streak.

Although Mitchel had only 10 rushing yards in the second half, in the first two quarters scored on runs of 43, 14 and 5 yards.

Orlando only took five snaps in the third quarter but came away with 17 points to pull away from a 21-19 lead.

Eurosport Unsure About Comeback

The Associated Press

LONDON — Despite an announcement that has been appearing on French television, Eurosport will not resume telecasts any time soon, a spokeswoman for the all-sports network's half-owner said Sunday.

Fiona Waters of British Sky Broadcasting said negotiations to sell off its 50 percent stake in Eurosport were continuing, but that little progress had been made.

Eurosport ceased operation last Sunday after Robert Murdoch's BSkyB, the British satellite channel, failed to find any takers for its stake. The European Community had ruled that BSkyB's involvement in Eurosport was anti-competitive, and ordered it to sell its 50 percent. The other half is owned by the 17 members of the European Broadcasting Union, most of them large public concerns like BBC.

France's TF1 expressed interest last week in rescuing Eurosport, according to a spokesman for BBC, and earlier, a "heavyweight" German consortium was reported by a BSkyB official to be interested.

In Britain, the channel on which Eurosport had telecast still carried the notice that its programs were no longer available. An announcement in France that Eurosport would return the week of May 13 began appearing Saturday.

SIDELINES

Romero Beats Ballesteros in Spain

MADRID (AP) — Argentine Eduardo Romero birdied the seventh playoff hole Sunday to end a head-to-head competition with Spain's Seve Ballesteros and win the Spanish Open golf tournament.

Romero pitched his approach shot within five feet (1.52 meters) of the pin. Ballesteros, who had trailed by three strokes going into the final round, nearly birdied but his 20-footer was just short.

Romero forced the playoff with a round of par 72, totaling 13-under 275 after a 25-birdie putt on the 18th.

South Africa Merging Track Bodies

JOHANNESBURG (AP) — South Africa's three amateur track and field groups have agreed to merge into a single non-racial group to help the country's return to international sports competition.

The decision was made Saturday after meetings with a delegation from the International Amateur Athletics Federation. Earlier, a South African sports association applied to compete in the World University Games this summer in Sheffield, England.

For the Record

China won the men's and women's badminton world championship singles titles for the fourth straight time Sunday. Zhao Jianhua defeated Allan Budi Kusuma of Indonesia and Yang Jiuhong defeated Sarwendah Kusumawardhani of Indonesia in Brondby, Denmark. *(AFP)*

Fabio Parra of Colombia won Sunday's 14th leg of the Tour of Spain cycling race, but Melchor Manri of Spain kept the overall lead. *(AP)*

Patrick Roelandt of Belgium won Saturday's second stage of the Tour Du Pont, in Columbia, Maryland, and took the overall lead. *(AP)*

Dave McAuley of Northern Ireland overcame a knockdown to successfully defend his IBF flyweight title Saturday in Belfast with a unanimous decision over Pedro Feliciano of Puerto Rico. *(AP)*

James Toney won the IBF middleweight title from fellow-American Michael Nunn when the referee stopped their scheduled 12-round bout in the 11th round Friday night. On the undercard in Davenport, Iowa, Michael Carbajal retained his IBF light-flyweight title with a 12-round decision over Hector Luis Patri of Argentina. *(Reuters, AP)*

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[1]FINLAND	9800-100-10	[1]SWEDEN	020-795-611
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[1]GAMBIA	001-799-220-0010	[1]TURKEY	9*9-8001-2277
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What Prize Virtue? Just Ask an Immortal

International Herald Tribune

PARIS — The Institut de France, housed in one of the finest buildings on the Left Bank, is the repository of France's stateliest intellectual traditions and also of funds and properties received as legacies over the years — they include the château

MARY BLUME

of Chantilly, Monet's house in Giverny and the Jaquemart-André and Marmottan museums in Paris — sufficient for the French weekly l'Express to run a recent article about financial mismanagement headlined "Scandal at the Institute."

In addition, the five academies that comprise the Institut administrate prizes each year that range from the $50,000 Richard Lounsberry science prize, awarded alternately in Washington and Paris, to sums that have so dwindled through inflation that winners are compensated merely with a medal or with the glory of being able to state on their letterheads or visiting cards that they are laureates of the Institut.

In recent years the coffers have swelled with corporate awards from Fiat and from the perfume maker Guerlain, which has endowed a 500,000-franc music prize (about $86,000) with the words, "What better marriage than Perfume and Music, both so evocative of harmony?"

In all, the Institut estimates that its awards surpass in value the aggregate sum awarded annually for the Nobel prizes.

Each of the five academies has its rules. Submissions for prizes from the Académie des Inscriptions et Belles Lettres must not have been printed and can be in Latin, those from the literary section of the Académie Française must already have been published and only in French. The Académie des Sciences has the longest set of printed rules, the Académie des Beaux Arts has none at all. The Académie des Sciences Morales et Politiques requires legible handwriting and the use of a pseudonym couched in an epigraph.

Each academy has a *Secretaire Perpétuel* who, like a government minister, has a *chef de cabinet*. The Académie Française, the best known, has its *Secretaire Perpétuel*, Maurice Druon, more striking for his silvery mane and royal signature — just a curly Druon while other *perpétuels* add their first names — than for the historical novels that won him election to the academy in 1966. Each academy has one or several commissions to decide on prize-giving.

The Académie des Inscriptions et Belles Lettres gives the fewest awards, in such fields as numismatics, semitic epigraphy and Iranian linguistics. The Académie des Sciences Morales et Politiques is expectedly vague in spots: one prize, the Drouhn de Lhuys, simply rewards a work on history, either handwritten or printed; the Félix de Beaujour prize every five years honors a work offering solutions to misery in many countries, particularly France; and the Prix Lucien Dupont rewards the inventor of a scheme to eliminate the administrative and judicial formalities that dog French citizens' lives.



Martine Franck/Magnum

The Académie Française: Even a prize to seamstresses of proven filial piety.

The Académie des Sciences has since 1819 given a biennial award to the discoverer of a means to reduce factory injuries. The Académie des Beaux Arts might reasonably be expected to be in charge of the annual prize of 60,000 francs established by the actor Jean-Paul Belmondo in memory of his sculptor father, but it is administered by the Académie Française instead.

From the 416-page book of prizes, the Académie Française awards the lion's share, only some of which have to do with literature.

"The Académie Française is a prestigious old institution composed of prestigious people, so people tend to give to it," says Michel Carrié, assistant to the *chef de cabinet of the Secretaire Perpétuel*, Laurent Personne. Mr. Personne, undoubtedly off parsing something, had not shown up for his appointment to discuss the prizes and had delegated Mr. Carrié to speak for him.

"Academicians, contrary to what people say, have a lot of work to do," Mr. Carrié said. A bit skittish like other academy employees, no doubt from the constant strain of employing the imperfect subjunctive, Mr. Carrié refused to say how far along the academicians are on their major work, the compilation of a dictionary of the French language, except to state that they hope to complete it by the end of the century (the press section, more laid back, said the immortals are at present laboring on the letter L).

The Académie Française has a secretary fully employed on its literary prizes, the biggest of which is for 400,000 francs. The Académie Française's numerous nonliterary prizes, grouped under the title of *prix humanitaires*, apparently do not rate their own secretary or if they do no one could remember who she is except, perhaps, for the invisible Mr. Personne. The most famous of the prizes is the Cognacq-Jay, awarded annually to French-born parents of at least six living children. The prize brings in only 2,000 francs but guarantees its exhausted winners a photograph in the daily press.

Parents of *familles nombreuses* who fail to win the Cognacq-Jay have other options such as the Bobillier (though to win this they must have at least seven live children and reside in certain specified *départements*) or the Barthes-Suffet which finds six healthy children sufficient but insists that the father be less than 40 years old and the mother under 35.

The donors of many *prix humanitaires* left nothing to chance, to the point where it might be difficult to find candidates. The Prix Augustine Bon awards a mechanic employed in the same job in the 10th *Arrondissement* of Paris for three years while the Charreyre-Conort is limited to a penniless daughter of a ranking officer who is unable to get a government tobacco concession. The Fondation Alexandre Darracq prize goes to a young woman who has suffered a reversal of fortune and has preferred honest poverty to a wealth that might sully her honor.

Virtue is its own reward but it is surely nice to have it recognized by the many prizes for young women whose morals are intact, devoted tenders of aged parents, regular churchgoers or those who, if they are out for the Prix Eugénie Murer, are seamstresses of proven filial piety.

The Prix Pérou goes to domestic servants who have shown exceptional devotion to their masters. A person who has performed a virtuous act might be eligible for the Prix Montyon but the virtuous act must have lasted for two years before the giving of the prize. The Fondation Jules de Lalain-Chômel prize is intended for young women between the ages of 15 and 28 who live in Paris and are menaced by the threat of tuberculosis. Those who are already tubercular need not apply.

Sometimes the prizes betray a hint of bitterness on the part of the donors. The Prix Dutreil goes to widows or abandoned mothers unless they live in the *département* of Mayenne, the Anonymous prize goes to women of illegitimate birth. Professor Henry Bordier must have had specific cases in mind when he endowed a prize bearing his name for doctors or lawyers in the Charente, Rhône or Savoie regions who are over 60, childless and who, having known better times, are now badly off and unable to work.

Should any of the academicians themselves fall on hard times they need only consult the prize list to find relief. Not a few donors have chosen to reward the illustrious immortals by leaving unrestricted awards to be distributed by or to them and the Georges and Mitsa Dracoulis foundation, for example, has established a fund to perpetuate the Institut's own works.

LANGUAGE

Frank, Forthright and Forthcoming

By William Safire

WASHINGTON — "The emir and the crown prince were very *forthcoming*," said Secretary of State James A. Baker 3d, using one of the most frequent words in the vocabulary of diplomacy. It means "open to new ideas, cooperative, willing to bring helpful suggestions to the negotiations."

In diplolingo, the antonym of *forthcoming* is *frank*, which in this limited sense means "surly, argumentative, intransigent and causing an obstacle to peace." A meeting described by a spokesman as a *frank discussion* is bad enough; a *frank exchange* verges on shouted recriminations and hints of war.

Forthcoming, however, is a compliment; in a recent political polemic, *I fell into using it myself*. That triggered this note from Sheila Davis of New York: "I've been saddened by the slow erosion of *forthright*. I was therefore stunned by your replacement of *forthright* by *forthcoming*." She asks: "Is this a case of *anxious/eager*? Are we about to read a new entry in our *dictionaries under forthcoming* — 'synonymous with *forthright*'?"

Don't be anxious; I am eager to straighten this out.

Forthright means "straightforward, candid, without hesitation or guile," and in the nondiplomatic sense, "frank."

Forthcoming, however, has a couple of meanings: One is "about to appear, soon to be available, approaching"; the second sense of the word is forthcoming in the following sentence. That is the "open, cooperative, helpful" sense in diplolingo, usually marked in dictionaries as "chiefly British."

Controversy rages over that British sense. In "American Usage and Style: The Consensus," Roy H. Copperud (now the word columnist for Editor & Publisher) says, "The displacement of *forthright* (direct, straightforward) or, sometimes, *outgoing* (friendly, responsive) by *forthcoming* is regrettable and should be discouraged." Why? "It can cause ambiguity. . . . For example, 'The president's statement was forthcoming' could be understood to mean that it was about to be made, not that it was forthright."

I am ordinarily on the side of preserving distinctions, not because I am eager to please, but because I am anxious about fuzziness. The question before us is this: Does *forthcoming* in its "coming forth with ideas" sense fill a need for meaning that no other word offers?

It does. Let's say the emir, or whoever, is willing to go along with what you suggest. You, as a diplomat, cannot describe his attitude as *responsive*, which it is, because that makes it sound as if you are the one with the ideas and he's just sitting there, going along, responding to you. *Helpful* is patronizing, and too easily confused with *unhelpful*, a diplolingo staple meaning "I'm going to zap this guy for this"; *friendly* denotes the tenor of the talks but not the action of moving them forward.

If you want to indicate that the emir has also come forth with a helpful idea, or to cover his acquiescence in your proposal, the best word is *forthcoming*. It's best not because it contains no possibility for ambiguity — on the contrary, it does confuse at times, as Copperud *points out* — but because I cannot think of another word to describe the emir's willingness to help or even to be creative. Remember that it is used by diplomats to compliment the other guy in the meeting for his willingness to go along, or at least agree not to obstruct, while it also suggests that he came forth with an idea of his own.

Let lexicographers, then, drop the "chiefly British" (as the latest Random House Webster's College edition does) and forthrightly accept *forthcoming* with its two meanings. Let us hope that the forthcoming statement will show the emir to be forthcoming.

□

Lance Morrow is one of the classiest stylists in the newsmagazine dodge, because he spices his prose with poetic allusions. He does this subtly, with no quotation marks or "as the poet says," expecting readers of Time to catch, appreciate and be intellectually enriched by the oblique references; if the allusion slips by unnoticed, no harm is done to the flow of communication.

Consider "The Trouble With Teddy." (Time magazine's headline writers capitalize *with* but few other prepositions and articles; sometimes they capitalize *of*, sometimes not, but hobgoblins pay this little mind.) In his essay-article about Senator Edward M. Kennedy's current nocturnal tribulations, Morrow uses the metaphor of a shadow cast across a luminous life. "Was all this unhappy transformation the influence of metaphysics? Or was it alcohol? In any case, *the shadow fell*."

That's a fairly easy catch. In "The Hollow Men," T.S. Eliot wrote, "Between the idea / And the reality / Between the motion / And the act / Falls the Shadow." The passage, derived by Eliot from "There fell thy shadow" in Ernest Dowson's poem to Cynara, is followed by a line from the Lord's Prayer, "For Thine is the Kingdom," an apt reference to the Kennedy reach for power and glory.

The next was slightly more obscure. "Perhaps his life was cracked after Bobby died," Morrow wrote, "and Teddy found he was on his own and began to cross over from the powerful myth of his family into real time, which is intolerant of the bright and ideal."

Nice. *Real time*, with its connotation of "processes that respond immediately to user input," seems only to contrast with the preceding *powerful myth*, but the sensitized eye sees it connected by poetic allusion to the subsequent *intolerant*. Language mavens are especially likely to know that this comes from W. H. Auden's 1940 memorial to William Butler Yeats:

Time that is intolerant
Of the brave and innocent,
And indifferent in a week
To a beautiful physique,
Worships language and forgives
Everyone by whom it lives.

When a writer makes two allusions in a piece, the odds are that he will make a third; some sort of inner need to accomplish a hat trick drives us all. I searched for the third, centered on "He had to soldier on in the messy world after Camelot floated away into memory," but found no Kipling reference under *soldier on* or *messy world* in any of the quotation-book indexes.)

So I called Lance Morrow.

"I only realized I was making the allusions afterward," he replied. "It wasn't entirely advertent. But then I said, what the hell, leave them in."

So where is the third one?

"*Cracked*," he murmured.

Of course; that was an odd verb to use to describe a life. "Perhaps his life was cracked" is borrowed on the poet-philosopher Ralph Waldo Emerson's "There is a crack in every thing God has made."

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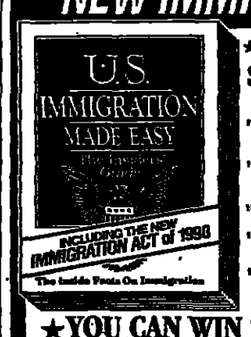
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